United Nations

Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

1 July 2004-30 June 2005

Programme budget 2006-2007

General Assembly
Official Records
Sixtieth Session
Supplement No. 13A (A/60/13/Add.1)

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Note

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Chapter I
Introduction to the 2006-2007 biennium budget

MISSION

1.1 The mission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is to provide education, health, relief and social services as well as access to microfinance and microenterprise opportunities for Palestine refugees living in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. The primary beneficiaries of UNRWA's services are Palestine refugees, particularly the most vulnerable groups including children, women, the aged and the disabled. Certain non-refugees are provided services under exceptional circumstances as mandated by the General Assembly.

BACKGROUND

1.2 UNRWA was established by General Assembly resolution 302 (IV) of 8 December 1949. The mandate of UNRWA has been renewed repeatedly, most recently by General Assembly resolution A/RES/59/117 of 15 December 2004, when it was extended until 30 June 2008.

1.3 UNRWA reports directly to the General Assembly to which the Commissioner-General submits an annual report. A general review of UNRWA programmes and activities is undertaken on an annual basis by the ten-member Advisory Commission, which includes representatives of the Agency's donors and host authorities. The Advisory Commission has a working relationship with the Palestine Liberation Organisation.

STRATEGIC GOALS

1.4 The Agency's goal is to promote the human development of the Palestine refugees and strengthen the self-reliance of the refugee community. The long-term viability of its programmes and sustainability are key themes of its activities. Where feasible, UNRWA incorporates cost sharing and self-support measures into its programmes to ensure the efficient use of resources and to encourage participation by the beneficiary population in the provision of services.

1.5 During the biennium 2006-2007, UNRWA will continue to provide basic education, health, and relief and social services to more than four million registered Palestine refugees living in Jordan, Lebanon, the Syrian Arab Republic and in the West Bank and the Gaza Strip. It will also continue to offer services under its Microfinance and Microenterprise Programme.

1.6 In addition, the Agency intends to develop a comprehensive approach to camp development that will integrate housing and infrastructure interventions with health, education, microfinance and microenterprise, and community services within a human development framework. For this purpose, the Agency has established a Camp Development Unit within the Department of

Operational and Technical Services to address the housing conditions of about 1.3 million refugees living in the camps in the areas of operation, with particular emphasis on those living in sub-standard shelters.

1.7 The Education Programme will provide Palestine refugee children and youth with learning opportunities, knowledge, skills and experiences that are consistent in quality, standards and norms with those offered by the host authorities within the overall framework of the principles of the United Nations. The Programme will continue to enrich the curriculum within the framework of human rights and tolerance programmes through normal and extra-curricular activities. Breadth, balance and cohesion in the curriculum will be achieved through classroom learning experiences that are positive, challenging, stimulating and enjoyable.

1.8 The Health programme will continue to focus on fostering quantitative and qualitative service standards consistent with the UN Millennium Developments Goals (MDGs), public sector standards and improving environmental conditions in camps, with a special focus on preventive primary health care.

1.9 The Relief and Social Services Programme (RSSP) will place a high priority on providing assistance to meet minimum needs of the most vulnerable refugees. Assistance will be provided to develop individual, family and community assets which will promote social inclusion and longer term self-reliance, including during times of crisis. RSSP will focus on upgrading of the social infrastructure of refugee households, camps or gatherings, and engaging the community in developing services and facilities.

1.10 The Microfinance and Microenterprise Programme will be funded primarily from revenues generated from the programme's credit operations but also from donor contributions. The programme will focus on implementing the outreach, product development and capacity building through a range of business, consumer and housing loan products that will improve the enterprise, household and housing conditions of Palestine refugees and other groups of proximate poor in four of the Agency's five areas of operation.

1.11 The Agency will continue to provide emergency assistance to Palestine refugees in situations of acute distress. Following the outbreak of strife in the occupied Palestinian territory (oPt) in September 2000, UNRWA launched a series of emergency appeals and with donor support began promoting emergency assistance to more than 1 million affected refugees, covering food aid, employment generation, medical treatment as well as shelter repair and reconstruction. Selective cash and in-kind assistance is offered to families in a state of acute need. Whether the current humanitarian crisis in the oPt continues or there are positive developments on the ground, the Agency will be in need of additional funding, either to sustain the emergency interventions or to meet the basic and residual needs for transition from conflict to recovery.

1.12 Capital improvements and associated recurrent costs in respect of Agency facilities and camp infrastructure as well as other major developments, including the Palestine Refugees Records Project (PRRP), will continue to be provided for under the project budget. UNRWA will continue to seek funding for projects including upgrading of school infrastructure, construction and repair of shelters for the most vulnerable families and improvement of environmental health infrastructure in the camps, thus contributing to better living conditions and socio-economic development of the refugee community.

1.13 The Agency will continue to create and enhance capacity-building opportunities for staff through providing the necessary developmental, leadership and management capacities to deliver and manage a quality service that is both innovative and responsive. Provisions for enhancing the process of institutional capacity building, including expanded use of information technology, will be incorporated into the General Fund.

1.14 The Agency will continue to promote gender equality and empower women through all of its programmes. Notable accomplishments so far are gender parity in schools, a focus on maternal and child health, support to women's community centres, the development of women-specific loan products and steady improvement in recruitment of women at all levels. The Agency is in the process of developing a sex-disaggregated database, which will vastly enhance its ability to plan, monitor and evaluate its activities as part of the overall gender mainstreaming strategy.

STRATEGIC PLANNING FRAMEWORK

1.15 Working within the parameters of its mandate, UNRWA has developed its own strategic plan widely known as the Medium Term Plan (MTP) for the period 2005-2009. The MTP articulates the Agency's desire to take advantage of technological advancements across sectors, consolidate its achievements and better serve the long term interests of Palestine refugees. This refocusing of direction is necessary to help prepare Palestine refugees to contribute to, and take advantage of any positive changes that may be realized in the region over the next several years. The planning framework aims to ensure that all Palestinians derive maximum benefit from the Agency's legacy – a legacy which should include the continuation of human development trends that have been set in motion by the Agency's work since its early years.

1.16 The strategic planning framework has four objectives, namely to:

a) Achieve parity of UNRWA services with host authority and international standards;

b) Address unmet needs and the needs of the most vulnerable refugees;

c) Maximize the economic potential of refugees;

d) Build capacity within UNRWA.

These objectives constitute "end states" for the planning framework. They represent the principal tracks along which the Agency should direct its efforts to improve living conditions for Palestine refugees and to promote their self reliance and human development. It is important to note that UNRWA's MTP objectives are broadly in accordance with the objectives of the Palestinian National Authority's Medium Term Development Plan (MTDP).

1.17 The 2006-2007 Programme Budget addresses these strategic objectives through the Programmes' expected accomplishments and indicators of achievement. As the Agency's strategic plan evolves, the results of the Geneva University's Universitaire d'Études du Développement and the Belgian Université Catholique de Louvain (IUED-UCL) /UNRWA surveys will provide an authoritative frame of reference for refining performance indicators, identifying new ones and for setting benchmarks for monitoring and evaluation of programme implementation. Indicators of Achievement are benchmarked to international standards, comparisons with host authority services and by reference to satisfaction levels and beneficiaries' perceptions about the quality of UNRWA services. Performance criteria are necessary to monitor the management and administration of the Agency's health, education and social service facilities. In the area of microfinance and microenterprise, performance indicators are based on economic and financial targets, including the extent to which real income is increased and employment prospects enhanced for refugees. In the specific context of capacity building, indicators to map the progress of staff development are defined.

1.18 An enhanced capacity for collection, analysis and management of data will complement ongoing reform efforts in the Agency's budgetary processes. It will also provide the tools for progress in a number of critical management areas including:

a) Facilitating planning and budgeting which is based on verifiable and systematically assessed needs;

b) Reinforcing accountability by facilitating the measurement of programme outcomes. It will help to streamline the relationship between planning and budgetary processes, as budgets will be set and adjusted in accordance with evolving needs.

c) Facilitating informed management decisions based on reliable data analysis in an environment of scarce resources. Also, enhanced data management capacity will mean that choices between competing priorities can be more readily made;

d) Enhancing data management to underpin a strengthened communications strategy, allowing data to be more effectively applied as a tool for fundraising and for generating support for the MTP.

BUILDING PARTNERSHIPS IN SUPPORT OF UNRWA

1.19 In June 2004, a major conference entitled "Meeting the Humanitarian Needs of the Palestine Refugees in the Near East: Building Partnerships in support of UNRWA" was hosted by the Swiss Government in Geneva. The conference was the largest in 56 years to be held on the Palestine refugee issue. Around 300 delegates from 67 countries and 34 international organizations participated in the two day conference.

1.20 The purpose of the conference was to build awareness of the humanitarian needs of Palestine refugees in the Near East; to provide an opportunity for decision-makers from governments to take a more in-depth and medium-term look at the challenges faced by UNRWA in delivering crucial services to the refugees; to provide a forum for UNRWA to reach out to a wider diplomatic audience and build new or strengthen existing partnerships; to enhance the dynamic process of dialogue and partnership with donors, host authorities and other partners and to widen the Agency's donor base through participation and commitment of new partners.

1.21 The main discussion at the conference centred on four workshop sessions:

a) Workshop I: The well-being of the Palestine refugee child;

b) Workshop II: Community Development-The improvement of the Palestine refugees' livelihood and living conditions through the upgrading of their physical and social environments;

c) Workshop III: Promoting the socio-economic development of the Palestine refugees; and

d) Workshop IV: Management and mobilization of resources on behalf of Palestine refugees.

1.22 As an outcome of the conference, UNRWA will ensure that greater emphasis is placed on a holistic, inter-disciplinary approach in both the planning and implementation of the Agency's interventions. Inter-departmental cooperation currently exists in the Agency's response to issues such as the psycho-social well-being of children, special hardship cases, disabled refugees and other vulnerable groups including women and children. Nevertheless, further enhancements of the system-wide approach are planned in this budget cycle. Management information systems and the Palestinian Refugee Registration Project (PRRP) are under development and will promote inter-departmental links while allowing for integration and cross-referencing of data among programmes. The Agency will build on these existing initiatives so that inter-departmental collaboration becomes an established Agency-wide practice. Managers are actively fostering an inter-sectoral approach within their respective departments by promoting knowledge of other programmes, and actively drawing attention to areas where cooperative action is needed

to achieve quality outcomes. Strengthened inter-departmental consultations have been key to the planning and budgeting exercises.

1.23 UNRWA enjoys close cooperation and long-standing partnerships with a number of UN organizations including UNAIDS, UNDP, UNESCO, UNFPA, UN-Habitat, UNHCR, WFP, UNICEF and WHO. It participates actively in multilateral aid coordination structures for the oPt and collaborates with the League of Arab States. As UNRWA's partnership strategies have proved highly successful, programme departments have maintained and strengthened existing partnership practices in the planning while at the same time actively seeking opportunities to build new partnerships. With a view to contributing to civil society, priority is given to exploring partnerships with established local non-governmental organizations. To minimize duplication of services, particular efforts are being made to develop cooperative arrangements with alternative complementary service providers, based on comparative advantage.

1.24 Developments in the areas of governance and stakeholder relations affect donor and host country support, and as such, they have important implications for the achievement of UNRWA's goals. As underlined in the conference held in Geneva, an important priority is to develop a tripartite (host/donor/UNRWA) approach as a tool for increasing donor responsiveness and creating synergies with other service providers. Productive synergies with other service providers will help demonstrate to donors that the Agency is capable of combining its strengths with those of other competent actors to maximize efficiency and optimize service outcomes for its beneficiaries.

1.25 The Agency recognizes that its governance processes do not as yet fulfil their potential as mechanisms for information sharing, substantive policy guidance and mutual accountability of UNRWA and its stakeholders. The Agency is committed to working initially to identify a reform formula that allows for substantive discussion on concrete policy issues, while respecting the imperatives of the Agency's mandate. The implementation of the Agency's planned programme of work will benefit from a continuing multi-level dialogue with all partners and stakeholders.

1.26 The conference highlighted a number of cross-cutting issues for which a coordinated inter-departmental approach is being implemented or planned. These issues include:

a) Working with the disabled to facilitate rehabilitation, shelter modification, mainstreaming into the education system, learning support centres in schools, vocational training/reskilling and access to credit;

b) Provision of psychosocial support and counselling to those in need either through schools, community based organizations or health facilities;

c) Life-skills education in the areas of HIV/AIDS, smoking, economic self-sufficiency and securing employment;

d) Application and mainstreaming of CRC including dissemination of information in schools and the community on the rights of the child, participation of children in decision making, learning support centres, a child's right to play and access to recreational facilities;

e) Focusing on women as one of the most vulnerable groups in communities and providing support through community based organizations, health centres, counsellors, participation in community decision making apparatus, access to vocational training and greater access to credit;

f) Capacity building for the most vulnerable refugees including children, women, the aged and disabled through education, health, social services and access to credit. Capacity building amongst UNRWA staff will be achieved through targeted professional training as well as improving managerial, administrative and language skills;

g) Strengthening the capacity to gather and analyze data Agency-wide to identify gaps and record progress achieved in implementing activities;

h) Enhancing partnerships while ensuring that UNRWA remains the main actor though increased interaction with donors, host authorities, other service providers as well as involvement of refugees in planning, implementation management of projects.

EXTERNAL FACTORS, CONSTRAINTS AND CHALLENGES

1.27 UNRWA's planning is complicated by uncertainty surrounding the Middle East peace process. Should peace talks progress, the Agency may be asked to assume new temporary tasks as required by a peace settlement. However, should conflict persist, military operations, security issues, deteriorating economic conditions for the refugees and the restrictions on the flow of goods, services and individuals will continue to affect UNRWA's work.

1.28 UNRWA operates in a turbulent region buffeted by the Arab-Israeli conflict and its consequences in terms of episodes of violence and a worsening socio-economic situation. Emergency situations, especially in the Gaza Strip and the West Bank, impose heavy operational and financial burdens on the Agency, threatening the sustainability and quality of UNRWA services and necessitating emergency appeals, which compete with fundraising for the regular budget.

1.29 Following the planned Israeli disengagement from the Gaza Strip and some parts of the West Bank, uncertainty exists as to the economic impact of the action. At least two scenarios for the Gaza Strip have been put forward by political and economic analysts.

One scenario holds that, under the full control of Palestinians, local economic activity will be revived and diversified. This in turn would generate employment opportunities. The other possibility, based on Israel's declared intention to ban the construction of a port and the reopening of the Gaza airport as well as to move the border terminal with Egypt from Rafah to a new location inside Israel would have catastrophic consequences for the Gaza economy. Furthermore, Israel has also announced that by 2008 no Palestinian workers from the Gaza Strip would be allowed to enter Israel.

1.30 Contingency planning for the 'disengagement' includes the pre-positioning of food and other supplies for distribution, and preparation for medical emergencies that might arise during the disengagement process. UNRWA, in close co-operation with the Palestinian Authority, is preparing for major activities in the fields of education and infrastructure development, to be implemented upon completion of disengagement and once supplementary funding to that effect is secured.

1.31 In the West Bank, the communities affected by the wall/fence have increasing needs as access to basic services is more and more restricted. By adapting its services, UNRWA has been working to meet the growing needs of these communities. The wall/fence around Jerusalem is having a particular impact on UNRWA operations, as even access to duty stations for staff has become a serious problem. The completion of the wall/fence, scheduled for the summer of 2005, will necessitate the relocation of a significant part of UNRWA operations from East Jerusalem to outlying areas. This has financial, as well as political implications.

1.32 The conflict in the Gaza Strip and the West Bank has also disrupted the Agency's ability to deliver its services, has adversely affected the safety and security of UNRWA staff and has resulted in significant additional expenditure to counteract obstacles imposed by the Israeli authorities.

1.33 Staff living and working under conditions of extreme stress in the Gaza Strip and the West Bank frequently suffer from fatigue and burnout, making it increasingly difficult to produce quality results.

1.34 Obstacles to UNRWA operations include the imposition of closures and restrictions on humanitarian access in the West Bank and the Gaza Strip, where some 48 per cent of the Agency's regular budget is spent. In addition, the Agency has incurred $4.5 million in excess storage, demurrage and transport charges due to delays in moving goods containers through the Karni crossing into and out of the Gaza Strip in the year ending 30 June 2005.

1.35 Increases in staff compensation or the cost of services and supplies promulgated by host authorities place unforeseen burdens on the Agency, affect staff morale and require redeployment of scarce resources.

1.36 Introduction or expansion of new courses such as English and French language and Information Technology into school curricula, change of textbooks and introduction of expensive vaccines into the national immunisation programmes place an additional burden on UNRWA's scarce resources that must accommodate these unplanned activities. In addition, decrees promulgated by host authorities for increases in the cost of services such as medical care, port charges or the cost of supplies such as fuel and utilities, result in additional unforeseen expenditure.

1.37 In spite of the heavy investment in staff training and development, programmes are finding it increasingly difficult to find staff for senior and mid-level managerial positions due to uncompetitive salaries and conditions of service.

1.38 In some localities it is difficult to attract specialised staff as the field is relatively new and local colleges and universities do not offer training programmes which adequately qualify candidates.

1.39 UNRWA's budget, funded almost entirely by voluntary contributions (cash and in-kind), is subject to uncertainties in the timing and value of funding receipts. This limits the ability of the Agency to plan and implement programmes and project activities.

1.40 Although UNRWA's expenditure is incurred mainly in US dollars, 63 per cent of the income is received in non-US dollar currencies, thus exposing the Agency to the risks of currency fluctuations.

1.41 Support for the Agency and increased coordination among the Agency and host authorities, other UN agencies, NGOs and the refugees themselves; contribute to the effective delivery of services by UNRWA.

1.42 Worsening socio-economic conditions and increased rates of unemployment in some of the Agency's areas of operation result, inter alia, in larger numbers of school drop outs and increased demand on medical care services, compromising community participation and causing a breakdown in cost-sharing systems.

1.43 The Agency's continued inability to build up a provision for termination indemnities means that it will be severely constrained financially when operations eventually wind down. The Agency however, cannot afford to reduce staff as a deficit-reduction measure, not only because the current level of staffing is below acceptable standards, but also because of the short-term financial implications of paying termination indemnities.

1.44 The Agency is continually seeking ways to stretch limited resources to meet the demands of a growing refugee population. Toward this goal, UNRWA aims to achieve a series of efficiency gains and savings. Amongst others, recent initiatives include a reduction in the school work week from six to five working days resulting in savings in logistical and

utility costs, implementation of video-conferencing and Satellite Wide Area Network (SWAN) resulting in savings in travel costs, staff time and telephone charges.

1.45 Insufficient project funding for school construction and upgrading of camp infrastructure contributes to overcrowded schoolrooms, poor environmental health conditions and dilapidation of refugee shelters. All call for substantial capital investment.

BUDGET FORMAT

1.46 The 2006-2007 budget provides the Agency with a renewed opportunity to document the way it intends to allocate its resources to meet its programme, operational and management objectives. Programmatic aspects of the budget have been integrated with the resource narrative by employing a consistent results-based management approach linking clearly defined programme activities to programme objectives and expected accomplishments, with assessment of the latter provided for by key performance indicators. This approach reinforces the usefulness of the budget as a planning, managerial and fundraising tool, while at the same time maintaining the Agency's financial transparency and integrity. Salient features of the budget are detailed below.

1.47 The budget hinges on a biennial programme of work that specifies goals, objectives, planned outputs to be delivered and expected accomplishments measured by indicators of achievement for all Agency programmes and sub-programmes. Coherent programme descriptions and justification for all budgeted activities have been provided.

1.48 The budget covers the total financial requirements for implementation of the Agency's regular programme. This includes both the General Fund (with its in-kind component) and the project budget.

1.49 Biennial estimates are provided for the 2006-2007 biennium together with data for prior biennia, to facilitate comparisons, and where appropriate, to offer baseline data against which to discern programme and budget trends. In 2005 critical activities from the MTP as well as activities from the Emergency Appeals, including psychosocial support, remedial education and additional health care, are included as a lump-sum adjustment to the originally approved budget.

1.50 As was the case for the previous two biennia, the budget preparation has been guided by planning and budgeting assumptions. The planning and budgeting assumptions were divided into general strategic assumptions and programme specific assumptions for guidance down to the detailed programme level of work. The guiding principle of the budget preparation was budget preparation according to a "needs based approach" with special provisions being made to integrate and enhance new core programme activities and/or implement government decrees promulgated by the host authorities as well as to address unmet basic priority needs of a recurrent nature. The budget was prepared to be consistent with and to incorporate the goals

of the Medium Term Plan (MTP). The Agency's Major Planning and Budgeting Assumptions for the 2006-2007 biennium were shared with donors in November 2004.

BUDGET STRUCTURE

1.51 The structure of UNRWA's budget reflects both the recurrent and non-recurrent nature of activities and the means by which they are funded. The budget document indicates how the Agency expects to fund the budget from the different income sources on which it relies. The budget is broadly divided into two parts:

a) The **regular budget** comprises recurrent staff and non-staff costs. It is further divided into cash and in-kind portions. The cash budget is funded through cash contributions recorded as income to the General Fund (GF). The in-kind budget represents the value of in-kind donations that the Agency expects to receive based on agreements with donors or past practice (for example, food aid).

b) The **project budget** comprises mainly non-recurrent costs funded by earmarked project contributions. Activities are implemented only if they are specifically funded by donors.

1.52 The regular budget and the project budget together comprise the total budget volume for 2006-2007. The budget text clarifies which programme activities fall under the General Fund, and which fall under the project budget component.

CHANGES IN THE CURRENT BUDGET SUBMISSION

1.53 Regular budget

The regular budget has been prepared on a "needs based approach" rather than "finance constrained approach" with provisions being made to incorporate and enhance new core programme activities and/or implement government decrees promulgated by host authorities, to include resources required to meet the MTP objectives as well as to address unmet priority needs.

1.54 Project budget

Following the need for increased commitment to strengthen and consolidate the Agency's asset base, the project element of the budget has been increased from $93 million in 2004-2005 to $286 million in 2006-2007 by application of a "needs based approach" to budgeting that incorporates the objectives of the MTP. Paragraph 1.84 provides details of the Agency's generic priorities used in the selection of projects for project funding.

1.55 Working Capital

No working capital requirements have been included in this budget submission to leave room for other priority expenditure requirements. Over the last two years, the Agency has built up a working capital reserve equal to one month's operational requirements.

1.56 Liaison Offices

In the 2006-2007 biennium budget the activities of the liaison offices in Geneva and New York have been integrated into the budget narrative along functional lines. Expected Accomplishments and Indicators of Achievement reflecting the roles of the liaison offices can be found under the Commissioner General's Office, External Relations and Public Information, amongst others. For the purposes of transparency and comparability, budgeted expenditure for the liaison offices will be presented with the Commissioner General's Office in Chapter 7.

1.57 Additional Items

A newly established Camp Development Unit will develop an urban planning development policy for refugee camps to address and improve the living conditions of approximately 1.3 million refugees living in 58 camps throughout the UNRWA areas of operations. Also, in the Health department a new cancer management and detection initiative is planned and in the Education department increased human rights and globalization education training will be carried out.

FINANCIAL SITUATION FOR 2004

1.58 The financial results for the fiscal year 2004 (see Table 1) clearly illustrate the funding shortfalls experienced by the Agency in its efforts to implement its mandate of the provision of basic services to Palestine refugees. The funding gap for the regular budget amounted to $8.7 million and the projects budget experienced a shortfall of $23 million. The funding gap for the regular budget would have been $12.1 million if the exchange rate gains and the interest income were excluded from the total income.

Table 1: Funding Status of the Agency's Budget for 2004
(In thousands of United States dollars)

	Regular Budget	Projects	Emergency Appeal
Budget	**350,965**	**45,946**	**209,406**
Contributions Income*	**338,863**	**22,923**	**111,002**
Funding Gap	**(12,102)**	**(23,023)**	**(98,404)**
Partially funded by other income**	**3,426**		
Net funding gap for the year	**(8,676)**		

* *Includes $12.5 million not received for the regular budget by 31 December 2004.*
** *Other income consists of $1.498 million exchange rate gains and $ 1.928 million interest income.*

1.59 The 2004 Emergency Appeals were underfunded by $98.4 million.

1.60 The overall Agency-wide impact of underfunding in 2004 meant that UNRWA was unable to implement crucial activities to the value of $130.1 million.

FINANCIAL OUTLOOK FOR 2005

1.61 Current projections of income and expenditure for 2005, shown in Table 3 below, indicate a funding gap for the regular budget of $11.1 million when comparing the net budgeted expenditure of $399.8 million (see Table 3 below) with total expected income of $388.7 million (based on indicative estimates from donors as well as interest income). Therefore, unless further contributions are forthcoming, the Agency will not be in a position to fully implement its budgeted activities in 2005.

Table 2: Regular Budget - 2005
(In thousands of United States dollars)

	Regular Budget	
Original Budget		**360,951**
Additions:		
Disengagement plan	**12,500**	
2005 MTP*	**28,900**	
Emergency Appeal**	**7,400**	
		48,800
Less:		
Expected Programme Support Costs (PSCs) Recovery		**(10,000)**
Revised Regular Budget		**399,751**

* *$17.9 million for Education, $3.8 million for Health, $5.1 million for RSSP and $2.1 million for Camp Development*
** *Activities of recurrent nature transferred from the Emergency Appeal budget*

Table 3: Income & Expenditure Forecast - 2005
(In thousands of United States dollars)

	Regular Budget	Projects	Emergency Appeal
Budget	**399,751**	**47,135**	**185,815**
Expected Total Income	**388,700**	**27,000**	**90,000**
Funding Gap	**(11,051)**	**(20,135)**	**(95,815)**

UNRWA'S ORGANIZATIONAL CHART

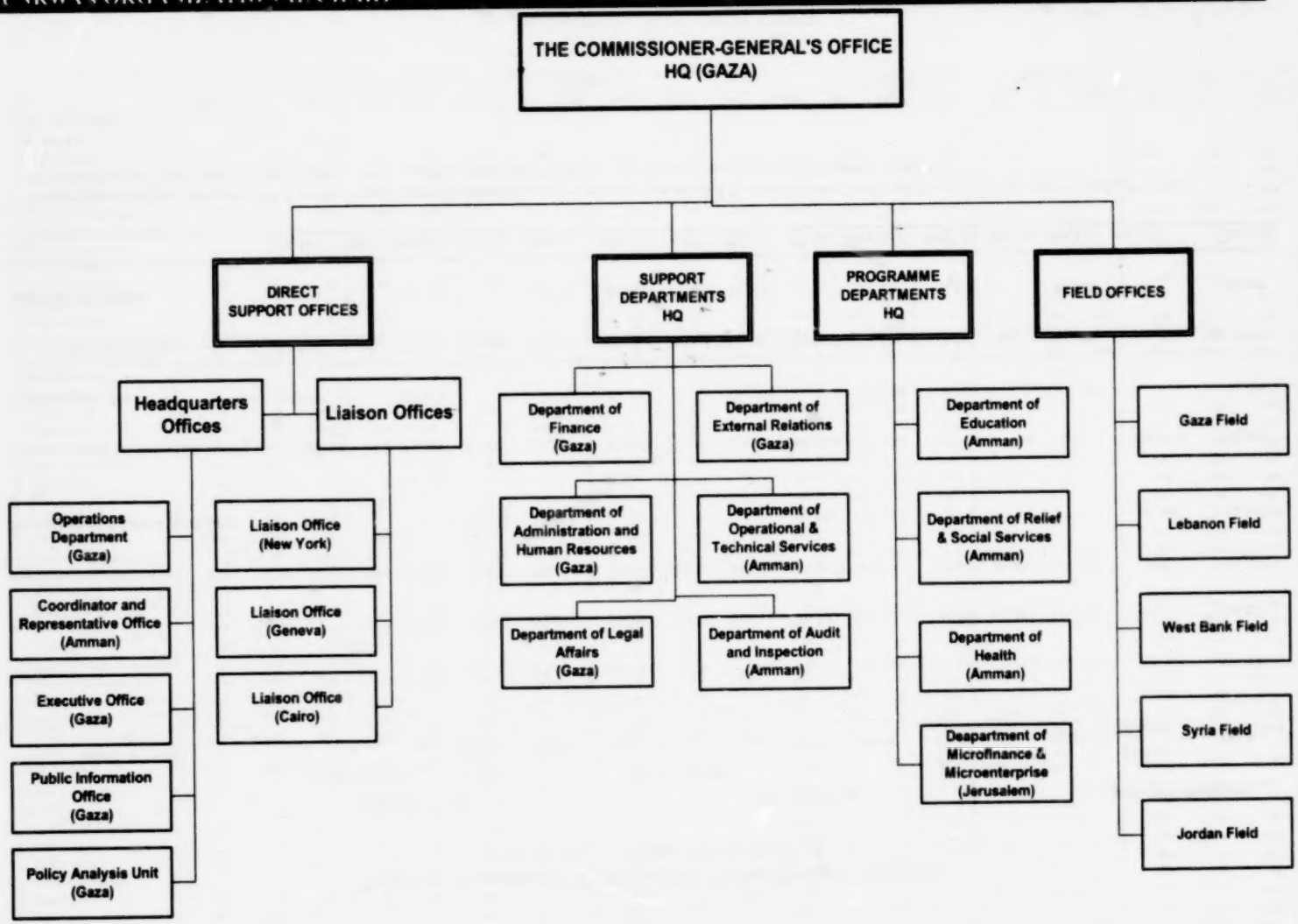


Table 4: Summary of 2006-2007 Total Budget Volume

(In thousands of United States dollars)

PROGRAMME	2006 Fiscal Year					2007 Fiscal Year					2006-2007 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash	*In-Kind*	*Total*			*Cash*	*In-Kind*	*Total*			*Cash*	*In-Kind*	*Total*		
Education	270,970	498	271,468	37,064	308,532	276,707	506	277,213	30,051	307,264	547,677	1,004	548,681	67,115	615,796
Health	84,719	5,925	90,644	30,943	121,587	89,841	6,078	95,919	20,732	116,651	174,560	12,003	186,563	51,675	238,238
Relief & Social Services*	31,398	11,155	42,553	5,977	48,530	31,465	11,908	43,373	3,697	47,070	62,863	23,063	85,926	9,674	95,600
Microfinance & Micro enterprise Prog.*				15,375	15,375				16,306	16,306				31,681	31,681
Operational & Technical Services	27,446	27	27,473	61,107	88,580	27,312	27	27,339	65,069	92,408	54,758	54	54,812	126,176	180,988
Common Services	40,010	-	40,010		40,010	39,379	-	39,379		39,379	79,389		79,389	-	79,389
Total Programme	**454,543**	**17,605**	**472,148**	**150,466**	**622,614**	**464,704**	**18,519**	**483,223**	**135,855**	**619,078**	**919,247**	**36,124**	**955,371**	**286,321**	**1,241,692**
Other Requirements	**16,418**		**16,418**		**16,418**	**22,450**		**22,450**		**22,450**	**38,868**		**38,868**		**38,868**
Total	**470,961**	**17,605**	**488,566**	**150,466**	**639,032**	**487,154**	**18,519**	**505,673**	**135,855**	**641,528**	**958,115**	**36,124**	**994,239**	**286,321**	**1,280,560**

* *The project budget Includes $0.1 million each year funded from the income generated by the Micro-Credit & Savings Programme (MCSP) and $4.2 million in 2006 and $4.7 million in 2007 funded from Microfinance & Microenterprise Programme (MMP).*

Table 5: 2006-2007 Regular Budget by Programme and Field

(in thousands of United States dollars)

	GAZA STRIP			LEBANON			SYRIAN ARAB REPUBLIC			JORDAN			WEST BANK			HEADQUARTERS			TOTAL		
	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007
EDUCATION PROGRAMME																					
General Education																					
Elementary Education	47,606	49,718	97,324	12,361	13,083	25,444	8,899	9,276	18,175	34,672	36,313	68,985	21,366	22,369	43,735	-	-	-	125,405	130,859	256,264
Preparatory Education	35,617	36,885	72,502	14,662	15,296	29,978	6,525	6,310	12,835	26,316	27,793	54,062	14,572	15,210	29,782	-	-	-	103,735	105,254	202,989
Secondary Education (Lebanon)	-	-	-	3,559	3,941	6,940	-	-	-	-	-	-	-	-	-	-	-	-	3,559	3,941	6,940
Sub-Total General Education	84,223	86,303	170,826	30,581	32,320	62,371	15,424	15,586	31,010	62,991	65,076	123,067	35,948	37,479	73,516	-	-	-	233,199	240,100	466,973
Technical & Vocational Education & Training	5,163	5,808	10,170	4,838	6,554	11,392	1,472	1,439	2,912	6,863	6,870	13,733	16,502	6,410	10,912	-	-	-	35,037	26,270	59,307
Teacher Education - Pre-Service	-	-	-	110	118	228	-	-	-	917	765	1,682	667	666	1,372	-	-	-	1,794	1,869	3,309
Planning & Management																					
In-Service Teacher Education	652	780	1,197	263	295	559	251	166	417	827	593	1,220	153	149	302	-	-	-	1,896	1,783	3,625
Placement & Career Guidance	15	16	31	1	1	2	-	-	-	-	-	-	15	20	35	16	46	101	91	82	173
Programme Management	1,901	1,934	3,759	975	1,038	2,013	555	563	1,138	1,425	1,465	2,890	666	1,023	2,089	2,880	2,928	5,878	8,640	8,910	17,450
Sub-Total Education Planning & Mana	2,488	2,510	4,987	1,239	1,335	2,574	806	719	1,555	2,252	2,063	4,632	1,183	1,192	2,389	2,896	2,974	5,779	10,626	10,691	21,263
TOTAL EDUCATION PROGRAMME	91,843	95,539	187,771	37,424	39,206	76,630	18,302	17,870	36,057	72,896	72,764	145,460	44,237	45,750	87,892	2,896	2,974	5,779	271,402	277,213	548,615
HEALTH PROGRAMME																					
Medical Care Services																					
Laboratory Services	776	872	1,650	541	485	1,029	373	378	751	745	808	1,553	637	745	1,382	-	-	-	3,277	3,288	6,565
Outpatient Services	11,341	11,744	23,086	4,476	4,215	8,694	2,835	2,872	5,707	7,114	7,500	14,614	8,859	9,759	11,708	-	-	-	31,776	32,090	63,846
Maternal & Child Health	1,371	1,366	2,737	366	401	767	291	257	528	950	964	1,143	574	566	1,140	-	-	-	3,131	3,274	6,345
Disease Prevention & Control	2,206	2,330	4,536	915	195	1,991	666	560	1,196	1,888	1,950	3,816	736	749	1,477	-	-	-	6,333	6,160	12,916
Physical Rehabilitation	405	454	859	57	62	119	87	87	174	130	130	260	315	319	634	-	-	-	994	1,052	1,986
Oral Health	1,344	1,545	2,889	631	198	1,829	372	364	736	741	798	1,539	607	640	1,247	-	-	-	3,495	3,402	6,897
School Health	224	326	550	-	-	-	17	17	34	136	136	272	81	82	163	-	-	-	557	572	1,129
Hospital Services	2,550	2,550	4,530	4,795	4,795	9,570	2,316	2,301	4,639	2,250	2,750	4,980	5,275	5,270	10,545	-	-	-	16,576	17,676	34,192
Psychosocial Support Programme	-	3,029	3,029										1,915	2,004	3,919	-	-	-	1,915	5,043	6,958
Sub-Total Medical Care Services	18,729	23,866	42,594	11,677	11,472	23,149	6,919	6,866	13,715	13,462	14,885	28,497	18,324	19,133	33,403	-	-	-	68,047	73,771	140,818
Environmental Health																					
Sewerage & Drainage	10	9	19	30	36	72	4	4	8	9	9	18	1,732	2,016	3,751	-	-	-	1,791	2,077	3,868
Solid Waste Management	4,613	4,721	9,334	1,954	1,952	3,906	620	644	1,264	2,251	2,273	4,524	1,668	1,733	3,401	-	-	-	11,106	11,323	22,429
Water Supply	403	391	794	236	253	489	14	14	28	10	10	20	287	277	564	-	-	-	934	945	1,880
Special Environmental Health Programme (G	660	685	1,345	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	660	685	1,345
Sub-Total Environmental Health	5,716	5,770	11,492	2,170	2,241	4,417	638	662	1,300	2,269	2,292	4,542	3,691	4,026	7,717	-	-	-	14,471	14,997	29,522
Food & Nutrition	1,007	1,038	2,045	277	305	582	455	446	901	1,191	1,215	2,406	956	995	1,951	-	-	-	3,886	4,047	8,013
Programme Management	556	555	1,091	541	1,016	1,557	337	362	699	676	699	1,375	702	640	1,342	516	516	1,040	4,168	4,184	8,364
TOTAL HEALTH PROGRAMME	27,470	31,834	59,302	15,071	15,044	30,095	8,339	8,380	16,699	17,896	18,711	36,339	25,270	25,395	49,933	516	516	1,040	92,844	98,910	191,935
RELIEF & SOCIAL SERVICES PROGRAMME																					
Relief Services	11,516	11,516	23,032	6,021	6,231	12,252	3,744	3,867	7,611	6,697	6,979	13,676	8,670	8,962	17,632	-	-	-	33,648	34,555	68,203
Eligibility & Registration	488	416	916	268	282	570	90	87	177	561	561	1,122	275	276	549	-	-	-	1,618	1,616	3,231
Social Services																					
Community Development Programme	323	319	642	61	60	121	137	148	285	199	221	420	97	95	192	-	-	-	817	843	1,660
Women's Programme	79	79	158	152	182	334	142	151	293	187	187	374	257	259	516	-	-	-	817	858	1,675
Disability Programme	609	623	1,232	353	251	604	130	134	264	139	139	278	286	300	586	-	-	-	1,469	1,437	2,906
Children & Youth Programme	1	1	2	35	36	71	-	-	-	-	-	-	56	56	112	-	-	-	92	93	185
Poverty Alleviation	335	335	670	296	296	592	366	359	725	205	210	415	205	207	412	-	-	-	1,205	1,316	2,580
Sub-Total Social Services	1,347	1,357	2,704	896	787	1,683	769	748	1,567	754	757	1,491	913	917	1,830	-	-	-	4,879	4,947	9,826
Programme Management	342	346	688	341	342	683	240	167	387	177	180	357	270	273	543	1,160	967	2,128	2,544	2,266	4,809
TOTAL RELIEF & SOCIAL SERVICES	13,693	13,859	27,552	7,455	7,662	15,116	4,887	4,776	9,757	8,139	8,277	16,564	7,359	7,510	14,867	1,160	967	2,128	43,693	43,375	87,068

	GAZA STRIP			LEBANON			SYRIAN ARAB REPUBLIC			JORDAN			WEST BANK			HEADQUARTERS			TOTAL		
	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007	2006	2007	2006-2007
OPERATIONAL & TECHNICAL SERVICES																					
Procurement & Logistics Services	3,889	3,893	7,882	2,116	2,147	4,263	1,337	1,346	2,683	1,670	1,633	3,703	2,882	2,211	5,093	4,334	4,894	9,278	16,307	16,631	32,938
Engineering & Minor Construction Services	1,807	1,877	3,784	488	486	913	490	300	791	880	760	1,437	714	709	1,423	709	704	1,413	4,911	4,870	9,660
Information & Communications Technology	386	364	750	367	330	697	171	234	406	341	336	677	510	486	976	3,190	3,022	6,210	4,723	4,671	9,393
Camp Service project Unit	227	206	436	150	140	290				88	-	88	160	160	321	410	400	804	1,885	903	1,877
Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	429	442	871	429	442	871
TOTAL OPERATIONAL SERVICES	6,289	6,440	12,710	2,980	2,943	5,924	1,994	1,884	3,898	2,987	2,943	5,710	4,442	4,566	8,962	9,024	9,024	17,898	27,473	27,339	54,812
COMMON SERVICES																					
Commissioner-General's Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,166	2,166	4,343	2,166	2,166	4,343
Legal Services	-	-	-	116	117	235	6	9	15	22	23	45	40	37	77	1,269	1,269	2,575	1,474	1,474	2,948
Audit and Inspection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,167	1,167	2,367	1,167	1,167	2,367
External Relations	-	-	-	-	-	-	-	-	-	-	-	-	134	136	270	1,657	1,671	3,313	1,791	1,807	3,573
Public Information	92	91	183	89	70	139	44	44	88	70	70	155	228	234	462	724	713	1,437	1,239	1,228	2,464
Policy Analysis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	596	596	1,194	596	596	1,194
New York & Geneva Liaison Offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	856	856	1,712	856	856	1,712
Administration and Human Resources	5,399	5,252	10,652	3,221	3,100	6,321	1,795	2,592	4,387	2,774	2,734	5,508	5,346	5,144	10,490	6,239	5,468	11,697	24,773	24,291	49,064
Financial Services	992	949	1,941	515	521	1,036	316	329	645	486	476	962	522	527	1,049	3,082	3,361	6,443	5,962	5,782	11,744
Other Requirements																					
Additional International Staff	376	382	758	135	136	271	-	-	-	135	136	271	135	139	271	2,080	2,080	4,160	2,841	2,865	5,734
Working Capital Build-Up	70	60	130	30	30	60	35	35	70	35	35	70	150	160	310	252	252	504	577	587	1,164
Salary Increase Requirements																12,000	18,000	30,000	12,000	18,000	30,000
Contingency Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	2,000	1,000	1,000	2,000
Sub-Total Other Requirements	446	442	888	165	166	331	35	35	70	170	171	341	285	291	581	15,332	21,340	36,667	16,418	22,486	38,898
TOTAL COMMON SERVICES	6,489	6,333	12,824	4,080	3,974	8,062	2,196	3,000	5,200	3,530	3,476	7,006	6,500	6,369	12,920	33,000	39,083	72,220	58,429	61,829	120,357
GRAND TOTAL REGULAR BUD	142,661	150,200	299,000	87,037	88,854	175,891	39,939	35,623	71,362	184,831	189,114	218,945	97,000	99,867	170,422	47,643	52,157	99,799	426,060	505,973	894,239

Table 6: Agency-Wide Budget by Field and Category of Expenditure

(In thousands of United States dollars)

	Gaza Strip		Lebanon		Syrian Arab Republic		Jordan		West Bank		Headquarters		Agency Total		Growth
	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	
Staff Costs															
International Staff	2,632	2,605	2,276	2,279	2,114	2,279	2,114	2,279	3,433	3,787	26,595	28,292	39,164	41,521	2,357
Area Staff	164,662	210,669	69,446	82,305	36,733	42,090	115,953	145,704	84,906	103,252	6,745	12,874	478,445	596,894	118,449
Sub-total	**167,294**	**213,274**	**71,722**	**84,584**	**38,847**	**44,369**	**118,067**	**147,983**	**88,339**	**107,039**	**33,340**	**41,166**	**517,609**	**638,415**	**120,806**
Services															
Travel	90	158	59	90	207	368	77	108	75	112	1,880	3,064	2,388	3,920	1,532
Communications	305	374	281	318	98	159	228	266	419	620	1,898	2,017	3,229	3,754	525
Transport Services	647	735	94	102	261	373	476	407	338	381	5	10	1,821	1,988	167
Port Operations	492	1,429	126	212	83	184	58	153	209	536	1,071	-	2,039	2,514	475
Training	363	1,044	284	389	202	328	288	1,783	437	705	1,688	2,523	3,262	6,772	3,510
Maint of Equip & Furn.	358	815	397	489	147	232	389	415	260	583	212	272	1,763	2,586	823
Misc Services	1,626	1,143	1,782	1,357	644	825	1,343	2,150	1,237	1,651	4,830	3,377	11,442	10,503	(939)
Consultancy Services	3,614	65	162	226	62	155	132	979	216	453	757	890	4,943	2,768	(2,175)
Hospital Services	1,938	1,250	8,170	8,530	1,705	3,919	-	-	6,629	7,570	-	-	18,442	21,269	2,827
Other Medical Services		4,402		750									-	5,152	5,152
Sub-total	**9,433**	**11,215**	**11,335**	**12,443**	**3,409**	**6,583**	**2,991**	**6,261**	**9,820**	**12,591**	**12,341**	**12,153**	**49,329**	**61,226**	**11,897**
Supplies															
Medical Supplies	8,834	10,679	2,540	2,377	2,817	3,054	6,162	6,234	3,805	4,940	-	-	24,158	27,284	3,126
Transport Supplies	1,223	2,061	539	702	253	367	309	680	799	1,195	383	176	3,506	5,181	1,675
Clothing Supplies	199	214	64	58	87	94	106	140	125	142	4	2	585	650	65
Textbooks & Library books	2,350	3,923	2,404	2,544	503	766	4,336	6,045	1,523	1,748	90	149	11,206	15,175	3,969
Sport supplies	81	91	22	26	44	50	55	85	60	118	-	-	262	370	108
Fresh Food	268	331	114	133	89	90	173	183	496	568	-	-	1,142	1,295	153
Misc Supplies	2,213	2,790	701	914	740	935	1,628	2,359	1,831	2,423	52	839	7,165	10,260	3,095
Teaching Supplies	41	37	8	13	26	28	12	17	31	85	15	120	133	300	167
Basic Commodities	11,600	14,146	4,109	5,768	3,003	4,275	5,376	7,803	4,339	5,297	3	-	28,439	37,289	8,850
Sub-total	**26,818**	**34,272**	**10,501**	**12,535**	**7,562**	**9,659**	**18,157**	**23,546**	**13,011**	**16,506**	**547**	**1,286**	**76,596**	**97,604**	**21,208**
Equipment & Construction													-	-	
Computer Hardware/Software	916	710	860	1,805	1,244	666	1,548	4,561	1,113	2,143	1,983	2,428	7,664	12,313	4,649
Equipment & Furniture	2,048	3,933	1,647	7,267	1,289	874	1,496	3,135	2,842	4,091	761	628	10,023	19,028	9,005
Transport Equipment	62	20	-	-	60	90	121	-	336	-	2,988	2,973	3,567	3,083	(484)
Telecommunications HW/SW	-	203	-	44	-	2	-	27	-	89	-	65	-	430	430
Construction	3,653	16,554	2,752	6,901	1,705	3,040	2,700	8,184	2,869	14,941	584	621	14,263	50,241	35,958
Sub-total	**6,639**	**20,520**	**5,259**	**16,017**	**4,278**	**4,672**	**5,865**	**15,907**	**7,180**	**21,264**	**6,316**	**6,715**	**35,537**	**85,095**	**49,558**
Premises													-	-	
Rental of Premises	316	350	827	835	135	150	1,000	1,143	483	652	42	50	2,803	3,180	377
Utilities	909	1,101	822	812	303	376	999	1,114	1,268	1,573	280	364	4,581	5,340	759
Maintenance	1,724	5,340	1,267	1,670	422	958	1,664	3,678	1,656	9,308	146	200	6,881	21,154	14,273
Sub-total	**2,949**	**6,791**	**2,916**	**3,317**	**860**	**1,484**	**3,663**	**5,935**	**3,409**	**11,533**	**468**	**614**	**14,265**	**29,674**	**15,409**
Subsidies															
Patient Subsidies	566	3,590	1,509	1,610	540	890	2,430	5,160	383	445			5,428	11,695	6,267
Special Hardship Assistance	7,557	8,309	4,953	4,596	2,751	2,510	4,279	4,924	3,080	5,582			22,800	25,921	3,321
Other Subsidies	552	1,011	428	459	409	1,144	855	886	810	862	415	1,157	3,469	5,541	2,072
Sub-total	**8,675**	**12,910**	**6,890**	**6,665**	**3,700**	**4,544**	**7,564**	**10,972**	**4,253**	**6,909**	**415**	**1,157**	**31,697**	**43,157**	**11,660**
Total Fields	**221,808**	**298,982**	**108,623**	**135,561**	**58,656**	**71,291**	**156,307**	**210,694**	**126,012**	**175,842**	**53,427**	**63,091**	**724,833**	**965,371**	**230,538**
Other Requirements															
Additional International Staff Working Capital		758		271		-		271		271		4,153	-	5,724	5,724
Requirements/Field Operational		130		60		70		70		310	10,000	504	10,000	1,144	(8,856)
Salary Increase Requirements	-	-	-	-	-	-	-	-	-	-	12,000	30,000	12,000	30,000	18,000
Contingency Requirements	-	-	-	-	-	-	-	-	-	-	2,000	2,000	2,000	2,000	-
Sub-total	**-**	**888**	**-**	**331**	**-**	**70**	**-**	**341**	**-**	**581**	**24,000**	**36,657**	**24,000**	**38,868**	**14,868**
Total Regular Budget	**221,808**	**299,870**	**108,623**	**135,892**	**58,656**	**71,361**	**156,307**	**210,945**	**126,012**	**176,423**	**77,427**	**99,748**	**748,833**	**984,239**	**245,406**

Table 7: Agency-Wide Budget by Programme and Category of Expenditure

(In thousands of United States dollars)

	Education Programme		Health Programme		Relief & Social Services Programme		Operational & Technical Services		Common Services		Agency Total		Growth
	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	
Staff Costs													
International Staff	1,173	1,230	1,034	960	460	833	8,177	8,305	28,320	30,193	39,164	41,521	2,357
Area Staff	354,759	429,672	70,387	91,619	14,883	19,955	19,101	24,400	19,315	31,246	478,445	596,894	118,449
Sub-total	**355,932**	**430,902**	**71,421**	**92,579**	**15,343**	**20,788**	**27,278**	**32,705**	**47,635**	**61,441**	**517,609**	**638,415**	**120,806**
Services													
Travel	434	930	130	184	185	234	383	641	1,256	1,931	2,388	3,920	1,532
Communications	117	171	156	172	29	52	1,350	1,525	1,577	1,834	3,229	3,754	525
Transport Services	148	224	27	58	37	44	1,608	1,654	5	8	1,821	1,988	167
Port Operations	0	0	0	0	0	0	2,039	2,514			2,039	2,514	475
Training	456	2626	650	1,030	646	835	474	1,035	1,036	1,246	3,262	6,772	3,510
Maint of Equip & Furn.	820	868	291	389	19	25	363	976	270	328	1,763	2,586	823
Misc Services	1,003	2,224	2,802	4,333	1,065	529	3,194	1,073	3,378	2,344	11,442	10,503	(939)
Consultancy Services	206	155	3,225	866	154	196	213	623	1,145	928	4,943	2,768	(2,175)
Hospital Services	1	0	18,441	21,269	0	0	0	0	0	0	18,442	21,269	2,827
Other Medical Services				5,152							0	5,152	5,152
Sub-total	**3,183**	**7,196**	**25,722**	**33,453**	**2,135**	**1,915**	**9,622**	**10,041**	**8,667**	**8,619**	**49,329**	**61,226**	**11,897**
Supplies													
Medical Supplies	346	327	23,807	26,957	2	0	0	0	3	0	24,158	27,284	3,126
Transport Supplies	77	100	458	603	11	28	2,312	4,371	648	79	3,506	5,181	1,675
Clothing Supplies	344	378	187	202	18	14	21	24	15	12	585	650	65
Textbooks & Library books	11,082	14,963	13	21	6	16	46	67	59	88	11,206	15,175	3,969
Sport supplies	262	370	0	0	0	0	0	0	0	0	262	370	108
Fresh Food	1,042	1,173	92	108	8	14	0	0	0	0	1,142	1,295	153
Misc Supplies	5,135	6,543	1,062	1,541	409	413	517	192	42	1,571	7,165	10,260	3,095
Teaching Supplies	119	283	0	0	4	5	3	4	7	8	133	300	167
Basic Commodities	179	353	5,566	8,020	22,687	28,916	0	0	7	0	28,439	37,289	8,850
Sub-total	**18,586**	**24,490**	**31,185**	**37,452**	**23,145**	**29,406**	**2,899**	**4,678**	**781**	**1,778**	**76,596**	**97,804**	**21,208**
Equipment & Construction													
Computer Hardware/Software	4,386	8,113	241	282	396	964	2,031	2,241	610	713	7,664	12,313	4,649
Equipment & Furniture	5,684	13,788	2,624	3,581	235	323	874	598	606	738	10,023	19,028	9,005
Transport Equipment	10	0	325	0	206	110	3,026	2973	0	0	3,567	3,083	(484)
Telecommunications HW/SW	0	7	0	4	0	2	0	192	0	225	0	430	430
Construction	12,591	43,146	335	3,918	197	1,181	194	397	966	1,599	14,283	50,241	35,958
Sub-total	**22,671**	**65,054**	**3,525**	**7,785**	**1,034**	**2,580**	**6,125**	**6,401**	**2,182**	**3,275**	**35,537**	**85,095**	**49,558**
Premises													
Rental of Premises	1,615	1,678	286	400	236	226	89	136	577	740	2,803	3,180	377
Utilities	2,560	2,922	893	924	40	56	125	164	963	1,274	4,561	5,340	759
Maintenance	5,262	16,284	518	2,515	268	563	240	688	593	1,104	6,881	21,154	14,273
Sub-total	**9,437**	**20,884**	**1,697**	**3,839**	**544**	**845**	**454**	**988**	**2,133**	**3,118**	**14,265**	**29,674**	**15,409**
Subsidies													
Patient Subsidies	0	0	5,237	11,405	191	290	0	0	0	0	5,428	11,695	6,267
Special Hardship Assistance					22,600	25,921					22,600	25,921	3,321
Other Subsidies	125	154	59	48	2,846	4,181	0	0	439	1,158	3,469	5,541	2,072
Sub-total	**125**	**154**	**5,296**	**11,453**	**25,637**	**30,392**	**0**	**0**	**439**	**1,158**	**31,497**	**43,157**	**11,660**
Total Programmes	**409,934**	**548,682**	**138,846**	**186,561**	**67,838**	**85,926**	**46,378**	**54,813**	**61,837**	**79,389**	**724,833**	**965,371**	**230,538**
Other Requirements													
Additional International Staff		346		346		754		931	0	3,347	0	5,724	5,724
Working Capital Requirements / Field Operational Reserves		674		90		20		20	10,000	340	10,000	1,144	(8,856)
Salary Increase Reserve									12,000	30,000	12,000	30,000	18,000
Contingency Requirements									2,000	2,000	2,000	2,000	0
Sub-total	**0**	**1,020**	**0**	**436**	**0**	**774**	**0**	**951**	**24,000**	**35,687**	**24,000**	**38,868**	**14,868**
Total Regular Budget	**409,934**	**549,702**	**138,846**	**186,997**	**67,838**	**86,700**	**46,378**	**55,764**	**85,837**	**115,076**	**748,833**	**994,239**	**245,406**

Table 8: Regular Budget by Category of Expenditure

(in thousands of United States dollars)

		2002-2003 Expenditure	2004-2005 Appropriation	2006-2007 Estimate
Staff	International Staff	30,483	39,164	41,521
	Area Staff	432,142	478,445	596,894
	Sub-total	**462,625**	**517,609**	**638,415**
Services	Travel	1,676	2,388	3,920
	Communication	2,239	3,229	3,754
	Transport Services	1,134	1,821	1,988
	Port Operation	1,720	2,039	2,514
	Training	670	3,262	6,772
	Maintenance of Equipment & Furniture	1,012	1,763	2,586
	Miscellaneous Services	6,602	11,442	10,503
	Consultancy Services	657	4,943	2,768
	Hospital Services	14,770	18,442	21,269
	Other Medical Services	0	0	5,152
	Sub-total	**30,480**	**49,329**	**61,226**
Supplies	Medical Supplies	15,914	24,158	27,284
	Transportation Supplies	2,145	3,506	5,181
	Clothing Supplies	404	585	650
	Textbooks & Library Books	8,029	11,206	15,175
	Sport Supplies	219	262	370
	Fresh Food	993	1,142	1,295
	Miscellaneous Supplies	6,079	7,165	10,260
	Teaching Supplies	98	133	300
	Basic Commodities	23,632	28,439	37,289
	Sub-total	**57,509**	**76,596**	**97,804**
Equipment & Construction	Computer Hard/Software	3,674	7,664	12,313
	Equipment & Furniture	4,661	10,023	19,028
	Transport Equipment	4,572	3,567	3,083
	Telecommunication HW/SW	0	0	430
	Construction	1,781	14,283	50,241
	Sub-total	**14,688**	**35,537**	**85,095**
Premises	Rental of Premises	2,607	2,803	3,180
	Utilities	4,056	4,581	5,340
	Maintenance	6,128	6,881	21,154
	Sub-total	**12,791**	**14,265**	**29,674**
Subsidies	Patient Subsidies	3,210	5,428	11,695
	Special Hardship Assistance	17,962	22,600	25,921
	Other Subsidies	2,461	3,469	5,541
	Sub-total	**23,633**	**31,497**	**43,157**
Total		**601,726**	**724,833**	**955,371**

Other Requirements	Additional International Staff		0	5,724
	Working Capital Build-up/Field Operational Reserves		10,000	1,144
	Salary Increase Reserve		12,000	30,000
	Contingency Requirements		2,000	2,000
	Sub-total		**24,000**	**38,868**
Total Regular Budget		**601,726**	**748,833**	**994,239**
Project Budget		**37,971**	**93,081**	**286,321**
Emergency Appeal Budget		**184,962**	**395,221**	**338,184***

**Based on 2005 Appeal should there be a need to launch another appeal during 2006-2007*

GROWTH IN THE BUDGET

Table 9: Significant Workload Indicators Relating to Resource Requirements

Indicator	1996-1997 Actual	1998-1999 Actual	2000-2001 Actual	2002-2003 Actual	2004-2005 Budget	2006-2007 Estimate	% growth 2006-2007 over 2004-2005
Area staff posts	21,553	22,212	23,151	24,862	26,982	30,310	12.3%
Pupils	447,268	458,716	486,026	488,661	493,246	496,822	1%
Teacher posts	12,952	13,667	14,615	15,161	16,416	18,513	12.8%
Patient visits	14,396,576	14,326,112	15,568,714	16,222,468	18,000,000	19,000,000	5.5%
Special hardship cases	176,739	191,529	225,156	246,753	249,800	281,000	12.5%
Registered refugees	3,469,109	3,625,592	3,926,787	4,136,449	4,381,000	4,607,788	5.1%

1.62 The overall growth of the 2006-2007 biennium budget over that of 2004-2005 is $245 million. This increase is basically in respect of addressing unmet needs that were previously not provided for due to the financial constraints on the level of funding made available to the Agency. The following table summarizes these increases with the respective explanations:

Table 10: Regular Budget 2006-2007 (Major Increases over 2004-2005 Appropriations)

Cost category	Increases $M	Explanation
Staff Costs		
Additional Area Staff Posts	80	The total staff increase is 4329* posts. This figure comprises 460 staff in direct support of the Medium Term Plan (MTP) and 3869 staff required to support natural population growth* and to implement a "needs based approach" to budgeting which includes but is not limited to the following: Education Implementation of host country curricula Improving student : teacher ratios Adapting Vocational Training centre curricula to labour market needs Increased training in human rights' tolerance and conflict resolution. Health Improvement in doctor patient ratios in clinics Improve treatment of non-communicable diseases Improve utilization and access to medical services Improve camp environmental conditions of refugees Relief & Social Services Improve Social worker client ratios Improve Special Hardship case support Others Additional sanitation labourers and guards added on casual basis. Establishment of a Camp Development Unit * The natural population growth rate for registered refugees in the last five years (2000-2004) has varied between 3.5 per cent and 2.3 per cent.
Abolishment of the 1999 salary scale	18	Resulting from the abolition of the 1999 Area staff rule where the Agency as an austerity measure had established a lower salary scale for staff joining the Agency after 1999. This measure created morale problems with unequal pay scales for the same work and was finally abolished in 2004.
Annual Increment	20	This is a provision for an average annual increment for area staff of 2.5 per cent.
Area Staff salary Increase	6	This is a provision for biennium salary increases to be determined through salary surveys. The actual provision is $18 million which is an increase of $6 million over the prior biennium.
Area Staff-Special Occupational Allowance (SOA)	12	This is a provision for an increase in the special occupational allowance for senior area staff positions in order to stay competitive with local salary scales. This increase was determined through surveys of local labour markets. The total number of staff eligible to be considered for this allowance by biennium end will be approximately 2,000.

International Staff	8	This is in respect of three additional posts approved and included in the United Nations regular budget and for 18 posts for which there will be recruitment only if adequate UN or donor funding is received specifically for these posts. The additional staff will enhance the Agency's management capabilities in accordance with the Geneva recommendations. The increased budget standard costs for these posts also contributed to the increase in budget
Total Staff Cost Increase	**144**	

* *includes 1001 teaching posts that will be established in September 2005.*

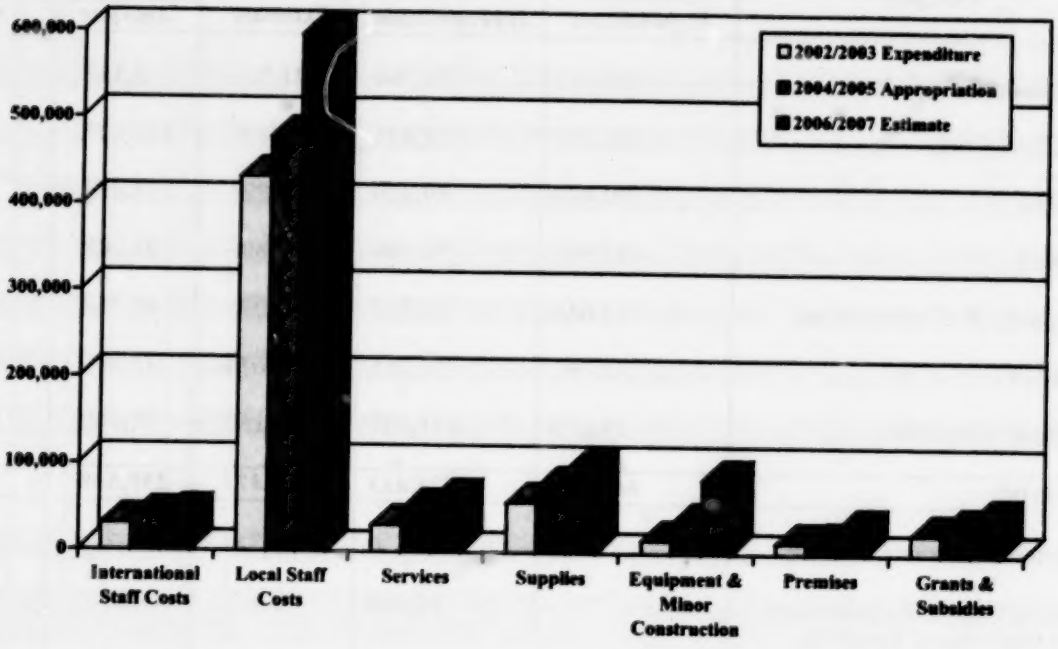
Non-Staff Costs	**$M**	**Explanation**
Services	12	The primary increase is in hospital services due to a 460 per cent increase in prices in Syria by Government decree and average 10 per cent increases in other Fields. Also training increased across all Fields to enhance management capabilities and include human rights, conflict resolution and Convention on Rights of the Child training among others.
Supplies	21	This increase is due primarily to increases in medical supplies, basic commodities due to substitution of tuna for flour in three Fields of operations, cost of textbooks to comply with host authority's curricula and increases in transportation related supplies.
Equipment	14	This increased need is primarily due to equipment required to implement the MTP to ensure parity of UNRWA services with host authority and International standards and to maximize the economic potential of refugees. These MTP goals are achieved through enhancements to vocational training centre equipment to ensure trainees are equipped to compete in current job environment, to equip computer laboratories in schools, to equip creative and expressive arts facilities, to equip new classrooms, to provide adequate safety equipment such as fire extinguishers and to establish early learning centres and upgrading of primary health infrastructure among others.
Construction	36	Construction increased primarily due to MTP related items to ensure parity of UNRWA services with host authority and International standards and to maximize the economic potential of refugees. These MTP goals are achieved through enhancements to vocational training centres, additional classroom construction, introduction of creative and expressive arts, establishment of early learning centres and upgrading of primary health infrastructure.
Maintenance	15	A budgetary "needs based approach" rather than "finance constrained approach generated this increase. Maintenance has been under-budgeted for several years due to "finance constrained budgeting". This chronic under-budgeting has resulted in a marked deterioration in schools, clinics, offices and distribution centres. This biennium maintenance was budgeted to bring facilities up to minimum maintenance levels required for optimum use and safety of facilities.

Subsidies	12	Increased subsidies are to provide a "needs based approach" to special hardship cases by providing actual requirements of most vulnerable refugees rather than "finance constrained budgeted" amounts of selective cash assistance. Also to provide funding to address unmet health needs by providing assistance to refugees in order to improve hospital access. 80 per cent of this increase is related to the MTP and the objective of addressing the needs of the most vulnerable refugees.
Total Non-Staff Cost Increases	**110**	
Working capital decrease	**(9)**	Primarily due to Working capital provision eliminated for 2006/2007 Biennium
Total Increase	**245**	

Table 11: Regular Budget by Category of Expenditure
(In thousands of United States dollars)

Category	*2002-2003 Expenditure*	*2004-2005 Appropriation*	*2006-2007 Estimate*	*Resource Growth*	
				Amount	*%*
International Staff Costs	30,483	39,164	41,521	2,357	6.0
Area Staff Costs	432,142	478,445	596,894	118,449	24.8
Services	30,480	49,329	61,226	11,897	24.1
Supplies	57,509	76,596	97,804	21,208	27.7
Equipment & Construction	14,688	35,537	85,095	49,558	139.5
Premises	12,791	14,265	29,674	15,409	108.0
Grants & Subsidies	23,633	31,497	43,157	11,660	37.0
Sub-total	*601,726*	*724,833*	*955,371*	230,538	31.8
Additional International Staff		0	5,724	5,724	-
Working Capital Requirements / Field Operational Reserves		10,000	1,144	(8,856)	(88.6)
Salary Increase Requirements		12,000	30,000	18,000	150.0
Contingency Requirements		2,000	2,000	0	0.0
Sub-total	*0*	*24,000*	*38,868*	14,868	62.0
Total Resource Requirements	*601,726*	*748,833*	*994,239*	245,406	32.8

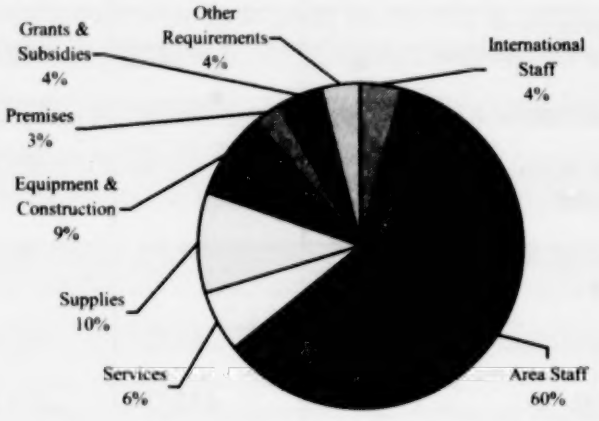
Figure 1: Regular Budget by Category of Expenditure
(In thousands of United States dollars)



DISTRIBUTION BY EXPENDITURE TYPE

Figure 2: 2006-2007 Regular Budget by Category of Expenditure
(In thousands of United States dollars)

International Staff	41,521
Area Staff	596,894
Services	61,226
Supplies	97,804
Equipment & Construction	85,095
Premises	29,674
Grants & Subsidies	43,157
Other Requirements	38,868
Total	**994,239**



1.63 Figure 2 shows the 2006-2007 regular budget broken down into categories of expenditure. Staff costs account for 64 per cent of the regular budget, of which 60 per cent represents the cost of area staff and four per cent represents the cost of international staff. Supplies account for 10 per cent, four per cent of which are donated to the Agency in-kind, and services account for six per cent. Equipment and construction account for nine per cent while grants and subsidies, premises and other requirements account for 11 per cent of the budget.

DISTRIBUTION BY PROGRAMME

Table 12: Regular Budget by Programme
(In thousands of United States dollars)

Programme	*2002-2003 Expenditure*	*2004-2005 Appropriation*	*2006-2007 Estimate*	*Resource Growth*	
				Amount	*%*
Education Programme	360,132	409,934	548,681	138,747	33.8
Health Programme	105,338	138,846	186,561	47,715	34.4
Relief & Social Services Programme	56,999	67,838	85,926	18,088	26.7
Operational & Technical Services	38,777	46,378	54,813	8,435	18.2
Common Services	40,480	61,837	79,389	17,552	28.4
Sub-total	*601,726*	*724,833*	*955,371*	230,538	31.8
Additional International Staff		0	5,724	5,724	-
Working Capital Requirements / Field Operational Reserves		10,000	1,144	(8,856)	(88.6)
Salary Increase Requirements		12,000	30,000	18,000	150.0
Contingency Requirements		2,000	2,000	0	0.0
Sub-total	*0*	*24,000*	*38,868*	14,868	62.0
Total Resource Requirements	*601,726*	*748,833*	*994,239*	245,406	32.8

1.64 Table 12 provides information on resource growth in the Agency's regular programmes for the biennium 2006-2007 over budget appropriations of the biennium 2004-2005. The overall budget increased by some 33 per cent due to the inclusion of the MTP in all programmes, implementation of government decrees as promulgated by host authorities and addressing unmet priority needs of refugees. Details of growth by category of expenditure are included in table 10.

1.65 **Education Programme**: The growth in the Education Programme over the 2004-2005 appropriations is due to additional teaching staff requirements, additional textbooks, upgrading of curricula to Host Authority standards, upgrades to vocational training centres and schools, and improving of student : teacher ratios, all in accordance with the MTP objectives.

1.66 **Health Programme**: The resource growth over 2004-2005 appropriations is attributed to staff requirements and increases in hospitalization costs, medical supplies and patient subsidies.

1.67 **Relief and Social Services**: The resource growth over 2004-2005 appropriations is attributable to an increase in cash subsidies to special hardship cases, and an increase in social worker staffing.

1.68 **Common Services**: The resource growth over 2004-2005 is attached to staffing for the psychosocial programme and guards increases to improve Agency security.

Figure 3: Regular Budget by Programme
(In thousands of United States dollars)

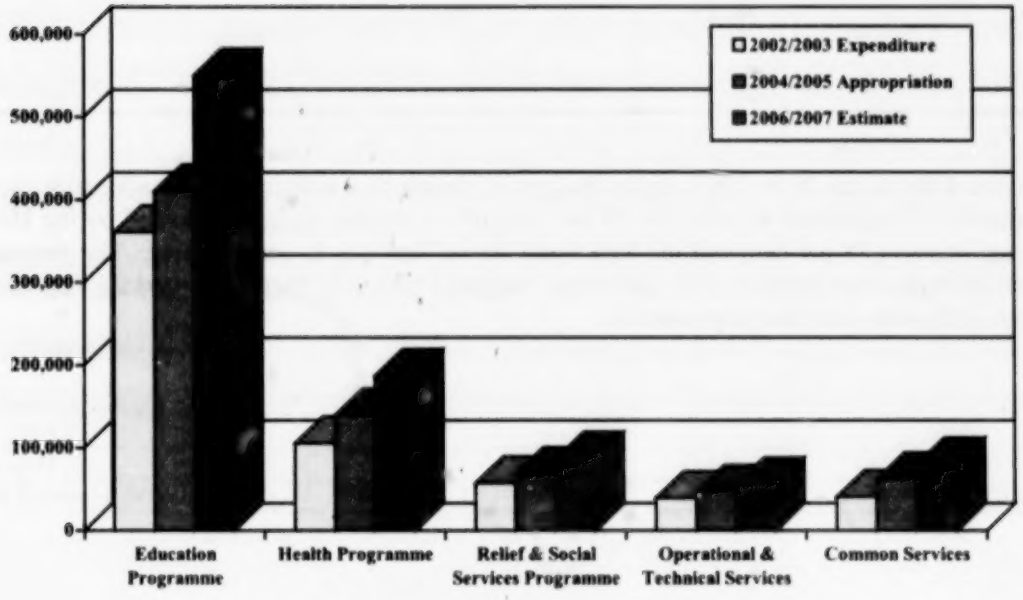
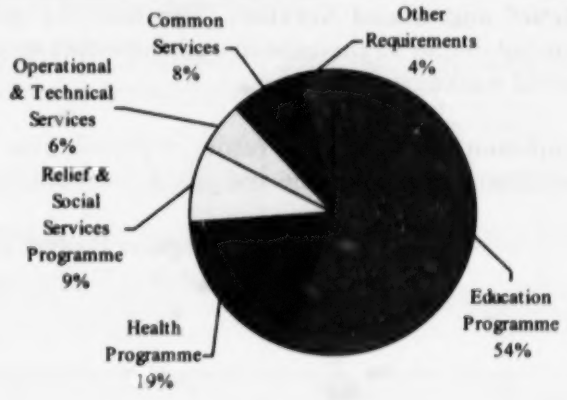


Figure 4: 2006-2007 Regular Budget by Programme
(In thousands of United States dollars)

Education Programme	548,681
Health Programme	186,561
Relief & Social Services Programme	85,926
Operational & Technical Services	54,813
Common Services	79,389
Other Requirements	38,868
Total	**994,239**



1.69 Figure 4 shows the 2006-2007 regular budget by programme activity. Direct allocations to the Education Programme account for 54 per cent of the regular budget, followed by the Health Programme at 18 per cent and the Relief and Social Services at nine per cent. The remaining portion represents support costs and items budgeted centrally, including working capital and area staff salary increase requirements.

DISTRIBUTION BY FIELD

Table 13: Regular Budget by Field
(In thousands of United States dollars)

Field	*2002-2003 Expenditure*	*2004-2005 Appropriation*	*2006-2007 Estimate*	*Resource Growth*	
				Amount	*%*
Gaza Strip	184,030	221,808	298,982	77,174	34.8
Lebanon	93,886	108,623	135,561	26,938	24.8
Syrian Arab Republic	49,193	58,656	71,291	12,635	21.5
Jordan	144,261	156,307	210,604	54,297	34.7
West Bank	101,395	126,012	175,842	49,830	39.5
Headquarters	28,961	53,427	63,091	9,664	18.1
Sub-total	*601,726*	*724,833*	*955,371*	**230,538**	**31.8**
Additional International Staff		*0*	*5,724*	5,724	-
Working Capital Requirements / Field Operational Reserves		*10,000*	*1,144*	(8,856)	(88.6)
Salary Increase Requirements		*12,000*	*30,000*	18,000	150.0
Contingency Requirements		*2,000*	*2,000*	0	0.0
Sub-total	*0*	*24,000*	*38,868*	**14,868**	**62.0**
Total Resource Requirements	*601,726*	*748,833*	*994,239*	**245,406**	**32.8**

Figure 5: Regular Budget by Field
(In thousands of United States dollars)

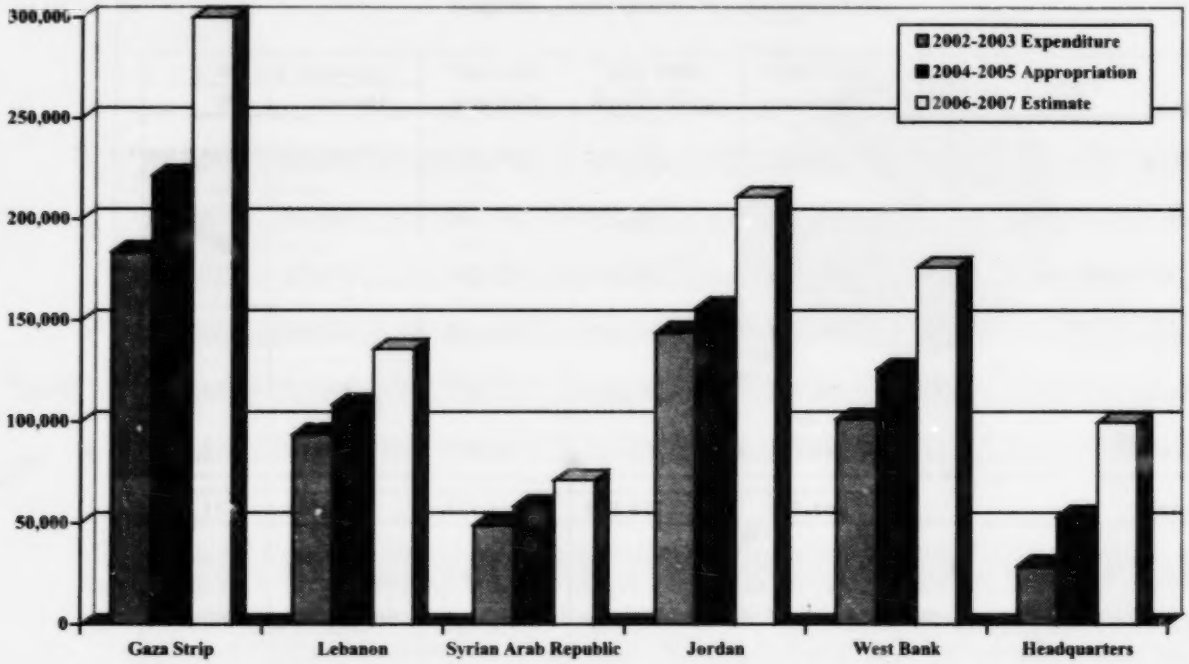
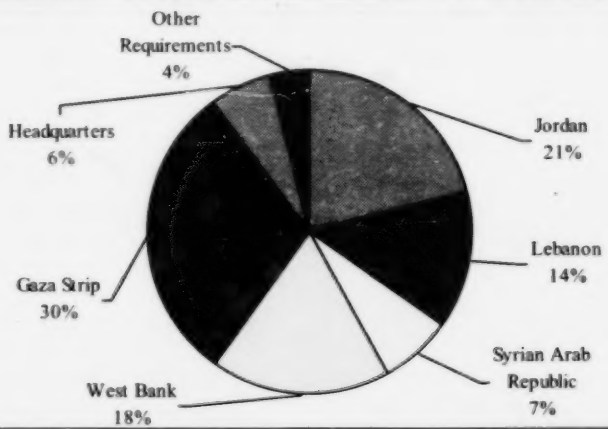


Figure 6: 2006-2007 Regular Budget by Field
(In thousands of United States dollars)

Gaza Strip	298,982
Lebanon	135,561
Syrian Arab Republic	71,291
Jordan	210,604
West Bank	175,842
Headquarters	63,091
Others	38,868
Total	**994,239**



1.70 Figure 6 shows the 2006-2007 regular budget by field of operation. Direct allocations for field operations account for 90 per cent of the regular budget. Taking into account the allocation of the requirements of salary increases to the fields, the percentage rises to 94 per cent. Headquarters costs represent seven per cent of expenditure. The distribution of expenditure across fields does not reflect any substantive difference in services, but rather variations in the clientele population, US dollar exchange rates, and costs within the areas of operation as well as differing levels of service provision by host authorities.

SOURCES OF FUNDING

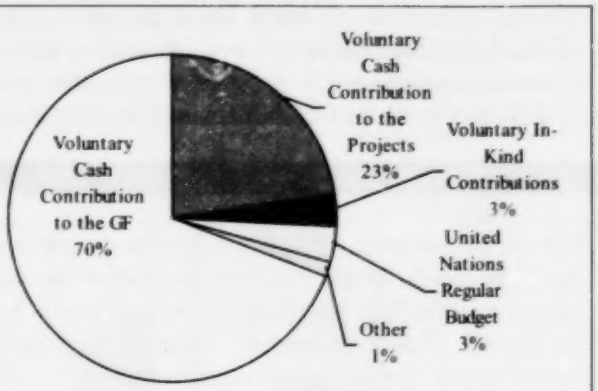
1.71 For the past decade, UNRWA has been caught in a dilemma of whether to base its budget on the total needs of the clientele population in accordance with its mandate or, in view of successive funding shortfalls during past years, to present a budget which might realistically be funded. This biennium the Agency has adopted a "needs based approach" to budgeting rather than a "finance constrained approach" to present to donors what is required not only to halt the deterioration in services over the past decade, but also to address the objectives of the MTP.

1.72 Although UNRWA prepares its budget on a biennial basis, operations are financed on an annual basis. As the fiscal year rather than the biennium is the most relevant for financial management and fundraising, annual as well as biennial figures are listed throughout the document.

1.73 The ability of the Agency to provide its regular services to a clientele population that grows at approximately 2.5 per cent per annum is entirely dependent on sufficient voluntary funding being made available to it annually. The Agency is also dependent on additional funding earmarked for project budget and emergency operations. Figures 9 and 10 below show the expected sources of funding of the Agency's total budget volume for the years 2006 and 2007 respectively, including both the regular and projects budgets.

Figure 7: Funding of Total Budget - 2006
(In thousands of United States dollars)

Voluntary Cash Contribution to the GF	442,447
Voluntary Cash Contribution to the Projects*	146,230
Voluntary In-Kind Contributions	19,654
United Nations Regular Budget**	22,313
Other	8,388
Total	**639,032**

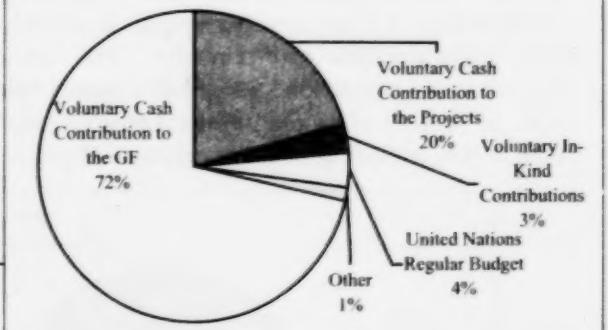

Voluntary Cash Contribution to the Projects 23%
Voluntary In-Kind Contributions 3%
United Nations Regular Budget 3%
Other 1%
Voluntary Cash Contribution to the GF 70%

* *Excluding MMP and MCSP recurrent costs of $4.3 million which are funded by the operations of the programme itself.*

** *Includes $2.8 million each year for 18 international posts not yet covered from UN regular budget.*

Figure 8: Funding of Total Budget - 2007
(In thousands of United States dollars)

Voluntary Cash Contribution to the GF	458,291
Voluntary Cash Contribution to the Projects*	131,010
Voluntary In-Kind Contributions	20,553
United Nations Regular Budget**	22,663
Other	9,011
Total	**641,528**


Voluntary Cash Contribution to the Projects 20%
Voluntary In-Kind Contributions 3%
United Nations Regular Budget 4%
Other 1%
Voluntary Cash Contribution to the GF 72%

* *Excluding MMP and MCSP recurrent costs of $4.8 million which are funded by the operations of the programme itself.*

** *Includes $2.8 million each year for 18 international posts not yet covered from UN regular budget.*

1.74 As UNRWA does not have a system of assessed contributions, its budget is funded almost entirely by voluntary cash and in-kind contributions from governments, inter-governmental and non-governmental bodies. Voluntary contributions are expected to cover about 95 per cent of total budget volume for 2006-2007, of which 72 per cent are cash

contributions to the GF, 20 per cent cash contributions to projects, and about three per cent are in-kind contributions.

1.75 The funding of 113 international posts out of the United Nations regular budget accounts for about four per cent each year of total budget volume. The remaining one per cent of expected income is from the following sources:

a) Other income includes interest income and miscellaneous income in the range of $3 million per annum.

b) Income of $4.3 million in 2006 and $4.8 million in 2007 for MMP and MCSP from credit activities covers the programmes' recurrent costs making them self-funding.

c) Funding of eight staff posts (two international and six area posts) by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and four posts (two international and two area posts) by the World Health Organization (WHO) as part of their technical assistance to the Education and Health programmes, respectively ($1.2 million per annum).

Chapter II
Education programme

OVERVIEW

1.76 Education is the Agency's largest programme, measured both in terms of its relative share of the Agency's budget and the number of staff. The programme includes general education, teacher education and technical vocational education and training for Palestine refugee children and youth, in accordance with their needs, identity and cultural heritage. It does so within the framework of the prescribed curricula of the host authorities and in conformity with the standards of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The General Education sub-programme, currently employing 16,416 teaching staff, covers general education (elementary and preparatory education in all its areas of operation and secondary education in Lebanon) for 493,246 eligible refugee children in 659 UNRWA schools. As a result of natural growth among the Palestine refugee communities the school population is expected to increase by one per cent to some 496,822 by the end of school year 2006-2007. The Technical and Vocational Education and Training sub-programme currently provides 5,223 vocational and technical/semi-professional training places in eight training centres (two in Jordan, three in the West Bank and one each in Lebanon, the Syrian Arab Republic and the Gaza Strip). The Teacher Education sub-programme is designed to meet the requirement of the Government of Jordan and the Palestinian Authority that teachers in the basic education cycle possess four year first level university degrees. The pre-service teacher training in this sub-programme leads to a four year university degree. Through its fourth sub-programme, Placement and Career Guidance, the Agency helps Palestine refugees who graduate from its training centres and other institutions to secure suitable jobs, whether locally or in neighbouring countries. Counselling and career guidance are also provided for Palestine refugee students to help them in selecting an appropriate vocation. The Agency will continue its efforts to improve the quality of teaching, training and staff development, and will rely on UNESCO for technical expertise and support.

GOAL

1.77 The goal of the Education Programme is to provide Palestine Refugee children and youth with learning opportunities to acquire knowledge, life skills, experiences and values in partnership with host authorities, local communities and other UN agencies within the context of a multicultural society, with special regard to gender equity, human rights, tolerance, conflict resolution and the Convention on the Rights of the Child (CRC).

OBJECTIVES

1.78 To provide and improve access to quality education and learning opportunities, in line with host authorities' education systems, for Palestine refugee children and youth at the basic level. The Agency also provides secondary level education in the Lebanon field.

1.79 To provide, improve and optimize vocational and technical education for young Palestine refugees to enhance their opportunities for employment and economic independence.

1.80 To provide, improve and optimize pre-service teacher education to increase the pool of qualified teachers for prospective recruitment as UNRWA teaching staff.

1.81 To enhance capacity building for technical and administrative education staff at all levels in line with School as a Focus for Development (SFD), Management Development and Quality Assurance Framework.

1.82 To ensure equity and equality of access to quality learning for children with special educational needs.

1.83 To foster and promote amongst teaching staff and students the awareness and understanding of human rights, conflict resolution and tolerance.

1.84 To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills based education within systems-wide strategies.

PROGRAMME OUTPUTS

1.85 The proportion of Palestine female student refugees in the basic education cycle will have increased to 51 per cent.

1.86 5,300 Palestine refugee children will have benefited from secondary education in Lebanon field.

1.87 The occupancy rate for grades 1-5 will have been reduced to an average of 40 students per class section.

1.88 The student : teacher ratio in the elementary cycle will have been reduced to 32 : 1.

1.89 The student : teacher ratio in the preparatory cycle will have been reduced to 25 : 1.

1.90 The repetition rate will have been reduced to an average of 3.77 per cent in the elementary cycle and 5.9 per cent in the preparatory cycle.

1.91 10 per cent of students will have undertaken the Monitoring Students' Achievement Tests in the subjects of science, mathematics and Arabic Language (for grades 5, 6 and 7).

1.92 100 per cent of UNRWA schools will have implemented the Quality Assurance System.

1.93 300 additional Palestine refugee youth will have been enrolled in vocational education and training.

1.94 79 per cent employment rate of vocational training centres (VTCs) graduates will have been achieved.

1.95 665 enterprises will have been working with placement and career guidance services.

1.96 350 enterprises will have been involved in the on-the-job training scheme.

1.97 60 additional training places at Education Science Faculties (ESFs) will have been provided.

1.98 50,000 children with learning difficulties will have been provided with remedial education.

1.99 All UNRWA schools will have established human rights school committees.

1.100 The drop-out rate will have been reduced to an average of 0.38 per cent in the elementary cycle and 2.48 per cent in the preparatory cycle.

1.101 100 per cent of the new curricula/textbooks prescribed by the host authorities will have been implemented.

1.102 96 per cent pass rate of UNRWA students in National Examinations in the Syrian Arab Republic (SAR) will have been maintained and 55 per cent pass rates in Lebanon (LEB) will have been achieved.

1.103 70 per cent of school pupils and 50 per cent of VTC and ESF students will have received instruction in human rights, conflict resolution and tolerance.

1.104 70 per cent of teachers will have received training in the areas of human rights, conflict resolution and tolerance, and 100 educational materials on these subject areas will have been produced and distributed.

1.105 80 per cent of technical and administrative staff will have been trained in managerial skills.

1.106 65 per cent of UNRWA school students will have received career guidance and counselling.

1.107 For a number of cross-cutting areas such as disability support, psychosocial support, health education and CRC, internal multidisciplinary teams will have been established among Education, Health and Relief and Social Services Programmes.

STRUCTURE

1.108 The structure of the Education Programme is as follows:

(a) School Development
Elementary and Preparatory Education
Secondary Education (Lebanon)

(b) Technical and Vocational Education and Training
Placement and Career Guidance
Vocational and Technical Education

(c) Institute of Education
Pre-Service
In-Service

(d) Education Planning and Management
Programme Management

FINANCIAL RESOURCES

Table 14: Education Programme Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

	2002-2003 Expenditure	2004-2005 Appropriation	2006-2007 Estimate	Variance %
School Development				
Elementary Education	194,390	206,074	255,064	23.8
Preparatory Education	122,548	148,850	203,959	37.0
Secondary Education (Lebanon)	2,885	3,771	6,949	84.2
Sub-total	**319,823**	**358,695**	**465,972**	**29.9**
Technical and Vocational Education and Training				
Placement and Career Guidance	143	170	173	1.8
Technical & Vocational Education	26,243	34,096	58,167	70.6
Sub-total	**26,386**	**34,266**	**58,340**	**70.3**
Institute of Education				
Pre-Service Teacher Education	1,877	2,048	3,290	60.6
In-Service Teacher Education	1,635	1,493	3,625	142.8
Sub-total	**3,512**	**3,541**	**6,915**	**95.3**
Education Planning & Management				
Programme Management	10,371	13,432	17,455	30.0
Sub-total	**10,371**	**13,432**	**17,455**	**30.0**
Total Programme	**360,132**	**409,934**	**548,682**	**33.8**
Other Requirements				
Additional International Staff			346	100
Working Capital Requirements / Field Operational Reserve			674	100
Sub-total			**1,020**	100
Total Regular Budget	**360,132**	**409,934**	**549,702**	**34.1**
Total Project Budget	**14,811**	**42,469**	**67,115**	**58.0**

Chapter III
Health programme

OVERVIEW

1.109 The Agency's second largest programme is health. The foundation of UNRWA health care is its network of 125 primary health care facilities. Programme activities are focused on comprehensive primary health care, comprising essential medical care services, child health care, expanded maternal health and family planning and control of communicable and non-communicable diseases supported by assistance towards secondary care. The programme also provides environmental health services in camps and food aid to vulnerable groups. UNRWA is committed to the achievement of World Health Organisation strategies and targets for the eradication/elimination of vaccine-preventable diseases including poliomyelitis, neo-natal tetanus and measles as well as control of tuberculosis and HIV/AIDS. Ongoing programmes to rehabilitate and upgrade health infrastructure at the primary level and to improve environmental health conditions in refugee camps will continue to receive high priority. Sewage disposal, management of storm-water run-off, provision of safe drinking water, collection and disposal of refuse and control of rodents and insects will continue to be provided to some 1.3 million registered refugees living in camps. The current disparities in resource allocations among fields will be reduced and cost-efficiency measures such as cost sharing in hospitalisation expenses, which were implemented to make optimal use of the limited financial and human resources, will be maintained.

GOAL

1.110 The goal of the Health Programme is to protect, preserve and promote the health status of the registered Palestine refugees within the Agency's five areas of operations and to meet their basic health needs within the available means, consistent with the humanitarian policies of the United Nations as well as with the basic concepts, principles and strategic approaches of the World Health Organization (WHO).

OBJECTIVES

1.111 To preserve the sustainable investment achieved in women's and children's health and attain further progress in reduction of infant, child and maternal mortality through an integrated primary health care approach consistent with the health-related Millennium Development Goals (MDGs) as well as with the standards set out in the Convention on the Rights of the Child (CRC).

1.112 To address the burden of death and disability caused by the emerging epidemic of non-communicable diseases, particularly diabetes mellitus and cardiovascular diseases,

while simultaneously combating major infections which survived the 20th century, such as tuberculosis.

1.113 To improve access of the disadvantaged and under-served refugee population to health care by rehabilitation, upgrading and expansion of primary health care facilities, based on careful mapping of the services of other health care providers.

1.114 To address the increased burden of mental and psychological problems among the refugee population by development of multidisciplinary community-based programmes focusing on prevention and targeting at-risk groups.

1.115 To improve access of refugee population to essential hospital services by implementing affordable and equitable hospitalization policies, adjusting the imbalance in financial allocations among fields and achieving cost-efficiency gains by rationalization of referral practices.

1.116 To improve environmental health conditions in refugee camps by implementing developmental projects to upgrade camp infrastructure of water, sewerage, drainage and solid waste management systems and integrating these systems within the municipal/regional schemes of the host authorities.

1.117 To enhance the planning and evaluation capacity of the health care system, by improving methods of data collection and analysis and upgrading the skills and capabilities of health personnel in use of evidence-based information, including use of IT, for improved management and response.

1.118 To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills based education within system-wide strategies.

1.119 To prevent breakdowns in service delivery, and quality in fields under crisis situations by responding to the emerging health challenges while ensuring the sustainability of long-term intervention strategies.

PROGRAMME OUTPUTS

1.120 Over 19 million refugee out-patient visits will have been made to Agency clinics for medical consultations in the treatment of acute and chronic morbidity conditions.

1.121 90,000 pregnant women will have received ante-natal care; been screened for anaemia and received iron and vitamin supplements and a similar number of women will have had at least one post-natal visit within the first six weeks after delivery.

1.122 More than 100,000 family planning clients will have been monitored, counselled and issued modern contraceptives.

1.123 160,000 children below two years of age will have been fully immunized for primary and booster series of vaccines.

1.124 240,000 children below three years of age will have been monitored for growth and development, screened for anaemia and anaemic children treated.

1.125 More than 130,000 patients will have been assessed, followed up and treated for noncommunicable diseases such as cardiovascular diseases and diabetes within the framework of a preventive and control strategy addressing major risk factors.

1.126 55,000 school entrants will have been thoroughly examined and immunized against vaccine-preventable diseases and another 400,000 will have been screened for morbidity conditions with special emphasis on disabilities that are amenable to management such as vision and hearing defects.

1.127 60,000 patients suffering from acute and other life-threatening conditions that can not be managed at the primary health care level will have been treated at contracted hospitals or through reimbursement schemes.

1.128 600,000 refugees will have been treated for dental and periodontal problems each year and more than 200,000 children and pregnant women will have been screened for detection of dental caries.

1.129 Eight water, sewerage and drainage systems in refugee camps in the Gaza Strip, Lebanon and the Syrian Arab Republic will have been implemented through project funds and further progress will have been achieved in mechanization of solid waste management in 41 refugee camps Agency-wide.

1.130 100,000 pregnant women and nursing mothers will have been made more food secure by receiving food rations as early as possible after confirmation of the pregnancy status and for 6 months post delivery.

1.131 10 self-evaluations/surveys will have been carried out to assess system performance and outcomes of care.

1.132 The new computerized health management information system and the drug supply management system will have been established at all primary health care facilities with links to Field Offices and Headquarters.

1.133 Four multi-disciplinary activities addressing gender-equality, life skills education, psychosocial support and child disabilities will have been streamlined within UNRWA

programmes, i.e., education, health and social services in the context of the United Nations MDGs and CRC.

1.134 Partnerships for health will have been enhanced with major stakeholders including UN specialized organizations, public health departments of host authorities, local and intergovernmental organizations and research institutions for streamlining strategies, aligning practical aspects of health policy and enhancing programme analysis and evaluation capacity.

1.135 4,000 staff-days of in-service training will have been undertaken each year for the various medical, nursing and support personnel to upgrade their knowledge and skill on implementation of the technical guidelines and approved intervention strategies and post-graduate training opportunities in public health will have been provided to 20 staff to upgrade their managerial capabilities.

1.136 Detailed planned activities will have been prepared for improving system performance through 10 global meetings of programme managers at Headquarters and the Fields and their implementation will have been followed-up through appropriate tracking systems.

STRUCTURE

1.137 The structure of the Health Programme is as follows:

(a) Medical Care Services
- Laboratory Services
- Outpatient Services
- Maternal and Child Health
- Disease Prevention and Control
- Physical Rehabilitation
- Oral Health
- School Health
- Hospital Services

(b) Environmental Health
- Sewerage and Drainage
- Solid Waste Management
- Water Supply
- Special Environmental Health Programme (the Gaza Strip)

(c) Supplementary Feeding

(d) Programme Management

FINANCIAL RESOURCES

Table 15: Health Programme Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

	2002-2003 Expenditure	2004-2005 Appropriation	2006-2007 Estimates	Variance %
Medical Care Services				
Laboratory Services	3,584	4,392	6,565	49.5
Out-patient Services	38,943	50,237	63,848	27.1
Maternal & Child Health	4,645	5,433	6,345	16.8
Disease Prevention & Control	6,455	9,998	12,918	29.2
Physical Rehabilitation	1,228	1,678	1,996	19.0
Oral Health	3,671	4,078	6,897	69.1
School Health	838	965	1,139	18.0
Hospital Services	19,093	24,753	34,152	38.0
Psychosocial Support Prog.		3,292	6,958	111.4
Sub-total	**78,457**	**104,826**	**140,818**	**34.3**
Environmental Health				
Sewerage & Drainage	184	234	3,868	1,553
Solid Waste Management	14,445	18,607	22,396	20.4
Water Supply	894	1,890	1,869	(1.1)
Special Environmental Health Prog.	288	775	1,345	73.5
Sub-total	**15,811**	**21,506**	**29,477**	**37.1**
Supplementary Feeding	**5,516**	**5,504**	**8,013**	**45.6**
Programme Management	**5,555**	**7,010**	**8,254**	**17.7**
Total Programme	**105,338**	**138,846**	**186,562**	**34.4**
Other Requirements				
Additional International Staff	0	0	346	346
Field Operational Reserve	0	0	90	90
Sub-total	**0**	**0**	**436**	**436**
Total Regular Budget	**105,338**	138,846	**186,998**	**34.7**
Total Project Budget	**13,307**	**13,026**	**51,675**	**296.7**

Chapter IV
Relief and social services programme

OVERVIEW

1.138 The Agency also offers a range of relief and social services. These services are provided to eligible refugees, whether they live in camps, towns, villages or remote areas, and include food support, shelter rehabilitation, and selective cash assistance, which are delivered to special hardship cases, that is, refugee families that are unable to meet their basic needs. As at the end of March 2005, a total of 247,197 persons (61,835 families) were benefiting from the cyclical assistance under the Special Hardship programme. The Income-generation and community development services promote self-reliance among less advantaged members of the refugee community, in particular women, youth and the physically and mentally disabled. Eligibility for services is determined by the Registration sub-programme. In emergency situations, assistance will be extended to affected communities (refugees and non-refugees) as a temporary measure and as donor support allows.

GOAL

1.139 The goal of the Relief and Social Services Programme (RSSP) is to provide the most disadvantaged Palestine refugees with humanitarian assistance, and to promote the self-reliance of less advantaged members of the refugee community, especially women, the aged, children, youth and persons with disabilities.

OBJECTIVES

1.140 To alleviate poverty among the most vulnerable within the Palestine refugee community by linking short-term relief to longer term development needs, through a needs-based approach which addresses actual needs while emphasizing equality of opportunity and the right to basic human development.

1.141 To ease the immediate plight of the poorest eligible refugee families through basic subsistence support with a gradual closing of the gap in safety net provisions between those of the host authorities and UNRWA.

Annual cash payments to Special Hardship Cases		
Host Authority and UNRWA comparative data 2004		
Host Authority	1 person family USD	5 person family* USD
PA (WB & Gaza)	300	912
Jordan	444	2,196
SAR and Lebanon	Not available	
UNRWA	110	540

*Average SHC family size 2004

1.142 To promote and facilitate community-based action through community-based organizations (CBOs) which create social, cultural, economic or educational opportunities and provide services for women, the aged, children, youth and persons with disabilities, and their families.

1.143 To promote the institutional capacity of community-based organizations through training and technical assistance to enhance refugee participation in the formulation and implementation of social services for vulnerable groups in their communities.

1.144 To improve the efficiency and effectiveness of service delivery to Special Hardship Case (SHC) families through reduction in social worker case loads, systematic in-service training and the improvement of overall working conditions.

1.145 To improve the quality of the Microcredit Community Support Programme, and enhance opportunities for economic inclusion through skills training and increased access to diversified loan products.

1.146 To provide shelter to families who have lost their homes or who live in sub-standard housing as a result of chronic poverty, as assessed by each field.

1.147 To assist families with small-scale emergency needs during a family-specific economic or humanitarian crisis through selective cash assistance based on actual needs.

1.148 To computerize the records of 4.8 million registered refugees on new web-based information technology and create integrated refugee data from all Agency programmes.

PROGRAMME OUTPUTS

1.149 Special hardship assistance for 281,000 persons will have been implemented, using a generalist social work approach and a needs-based policy orientation. Monitoring will

have been conducted through regular home visits by 350 social workers and ongoing supervision of senior field management.

1.150 2,000,000 food packages will have been distributed.

1.151 The management skills of 791 committee members managing refugee-administered community based centres will have been upgraded to improve the efficacy of credit operations thereby promoting self-reliance among refugees.

1.152 Emergency measures will have been implemented, as required, including food distribution, post-injury assistance to the disabled, shelter reconstruction, repair or adaptation of shelters including access for the disabled, counselling/referral services, emergency cash assistance for temporary housing of homeless families and other household needs.

1.153 Families faced with sudden emergency or crisis situations will have been provided with one-time selective cash assistance directed at meeting their basic humanitarian needs.

1.154 Registration procedures will have been improved as UNRWA will track individual as well as family records and integrate 16 million family file documents from Agency programmes.

1.155 25 per cent of shelters identified as being in need of rehabilitation will have been reconstructed or repaired.

1.156 102 facilities which encourage self-reliance amongst the most vulnerable in the community will have been provided with technical support.

1.157 A new data system will have been introduced jointly with CBOs to enhance planning, implementation, monitoring and evaluation of all centres' activities/operations.

1.158 Gender and disability mainstreaming policies will have been implemented.

1.159 90,000 refugee women will have been empowered through awareness raising, skills training, legal counseling activities and credit provision.

1.160 25,000 refugees with disabilities will have been served by Community Rehabilitation Centres utilizing the Community Based Rehabilitation approach.

1.161 60,000 children and youth will have participated in activities organized by CBOs and which are consistent with the Convention on the Rights of the Child (CRC).

1.162 20,000 individuals and their families will have benefited from microcredit loan products.

1.163 350 RSSP staff will have been certified in generalist social work methodologies by an internationally recognized university.

1.164 10 technical training workshops will have been provided to Relief and Social Services management staff.

STRUCTURE

1.165 The structure of the Relief and Social Services Programme is as follows:

(a) Relief Services
- Food Support
- Shelter Rehabilitation
- Selective Cash Assistance

(b) Eligibility and Registration

(c) Social Services
- Community Development
- Women's Programme
- Disability Programme
- Children and Youth Programme
- Micro-credit Community Support Programme

(d) Programme Management

FINANCIAL RESOURCES

Table 16: Relief and Social Services Programme Resource Requirements by Activity
(Cash and In-Kind, in thousands of United States dollars)

	2002-2003 Expenditure	2004-2005 Appropriation	2006-2007 Estimate	Variance %
Relief Services	**47,110**	**54,095**	**68,761**	**27.1**
Eligibility and Registration	**2,310**	**2,505**	**3,231**	**29.0**
Social Services				
Community Development Programme	808	1,312	1,660	26.5
Women's Programme	1,099	1,202	1,675	39.4
Disability Programme	1,797	2,187	2,906	32.9
Children and Youth Programme	244	194	185	(4.6)
Micro-Credit Community Support Prog.	1,081	2,017	2,699	33.8
Sub-Total	**5,029**	**6,912**	**9,125**	30.7
Programme Management	**2,550**	**4,326**	**4,809**	**11.2**
Total Programme	**56,999**	**67,838**	**85 926**	**26.7**
Other Requirements			**774**	**100.0**
Total Regular Budget	**56,999**	**67,838**	**86,700**	**27.8**
Total Project Budget	**5,964**	**22,920**	**9,674**	**(57.8)**

Chapter V
Microfinance and microenterprise programme

OVERVIEW

1.166 The Agency's Microfinance and Microenterprise Programme (MMP) serves Palestine refugees and other marginal groups to help them mitigate poverty, improve their lives and build business activity. It supports the development of the microenterprise and small-scale business sector by providing working capital and capital investment loan products. Also, direct financial support is given to refugee households through consumer lending and housing development loans. The programme operates through a network of branch offices in the West bank, Gaza Strip, Jordan and the Syrian Arab Republic that are self-sustaining through the generation of income required to meet branch operating costs. An integral part of the programme is a commitment to mainstreaming women in its credit activities through its specialised solidarity group lending product, which encourages the economic self-reliance of women, especially those working in the informal sector. Finally, the programme runs a very efficient and cost-effective small and microenterprise training programme in the Gaza Strip, which contributes to the promotion of entrepreneurship and the improvement of business skills in the local enterprise community.

GOAL

1.167 The goal of the Microfinance and Microenterprise Programme (MMP) is to promote economic development and alleviate poverty. This is achieved through the provision of credit for enterprise, household consumption and housing needs that will improve the quality of life of householders, small business owners and microentrepreneurs, sustain jobs, decrease unemployment, reduce poverty, empower women and provide income-generating opportunities for Palestine refugees and other proximate poor and marginal groups.

OBJECTIVES

1.168 To provide enterprise, consumer and housing credit on a scale that is large enough to have significant and measurable impact on the lives of the poorest.

1.169 To provide operationally self-sufficient and sustainable credit in a cost-effective manner through targeting financial services in poorer urban areas with a high concentration of commercial, service and industrial businesses. Areas will be selected primarily on the basis of having highly localised density of Palestine refugees.

1.170 To develop and expand the programme through adhering to international standards of outreach and efficiency so that the programme can be benchmarked and assessed against other practitioner institutions. The programme strives to achieve the best

practices of the emerging microfinance industry through its participation in local and regional microfinance networks by adopting the standards and practices established for the industry by such institutions as the Consultative Group to Assist the Poorest, the United States Agency for International Development, the Microfinance Network, Sanabel, Calmeadow Foundation and Accion International.

1.171 To meet the emerging standards for business training and business development services (BDS), where all the direct costs of training are met from participation fees and only the overhead and administrative costs are subsidised from donor contributions.

PROGRAMME OUTPUTS

1.172 Six additional branch offices will have been opened during the biennium, two each in West Bank, Jordan and the Syrian Arab Republic; to expand product outreach and development.

1.173 124,000 loans worth US$150 million will have been disbursed during the 2006-2007 biennium.

1.174 A pilot scheme of the new housing loans product will have been implemented in the Gaza Strip in 2005. Housing loans will also have been introduced in the West Bank in 2006 followed by Jordan and the Syrian Arab Republic in 2007.

1.175 The regional outreach of the consumer lending in the West Bank and the Gaza Strip will have been extended to Jordan and the Syrian Arab Republic in 2007.

1.176 Capacity building and human resource development will have been increased in Jordan and the Syrian Arab Republic through the extension of the in-house training programme developed in the West Bank and the Gaza Strip into these fields.

1.177 Centralised on-line loan management information system will have been developed to international standards and customised to meet the different product methodologies, and financial and operational reporting requirements of the programme. This will result in improved and real-time information flow, better internal controls, streamlined business processes and improved management reporting.

1.178 The small business and microenterprise training programme will have been maintained at the same level of activity achieved during previous years.

STRUCTURE

1.179 The structure of the Microfinance and Microenterprise Programme is as follows:

(a) Microenterprise Credit (MEC)

(b) Solidarity Group Lending (SGL)

(c) Small-Scale Enterprise (SSE)

(d) Consumer Lending (CLP)

(e) Housing Loan

(f) Small and Microenterprise Training (SMET) (Gaza Strip only)

(g) Programme Management

FINANCIAL RESOURCES

Table 17: MMP Programme Resource Requirements by Activity
(In thousands of United States dollars)

	2002-2003 Expenditure	2004-2005 Appropriation	2006-2007 Estimate	Variance %
Total Recurrent Projects	**3,879**	**7,477**	**8,926**	**19.4**
Total Unfunded Projects	**208**	**7,512**	**22,755**	**202.9**

Chapter VI
Operational and technical programme services

OVERVIEW

1.180 The mission of the Operational Technical Services Department (OTSD) is to sustain customers' service through creating synergy in the functions of the Agency's information systems, procurement, logistics and construction and engineering services, and to direct these services to achieve best value for money thereby contributing to UNRWA's mandate in providing humanitarian assistance to Palestine refugees.

GOAL

1.181 The goal of the Operational Technical Services Department (OTSD) is to support the Agency's main programmes through the provision of integrated operational support services in procurement and logistics, information and communications technology (ICT), engineering and construction guided by comprehensive policies and overall strategy to achieve optimal quality and best value for money in providing humanitarian assistance to Palestine refugees.

OBJECTIVES

1.182 To establish a quality assurance function aimed at enhancing customer satisfaction through effective communication, reliability, timeliness and cost effectiveness of the operational and support services in ICT, procurement and engineering.

1.183 To contribute to the improvement of the living conditions of refugees living in camps by initiating a comprehensive camp development programme.

1.184 To implement further reforms in the areas of procurement and logistics, ICT, construction and engineering to ensure that the provision of services achieves best value for money.

OUTPUTS

1.185 Departmental reforms and improvements will have been consolidated into clear policies and strategies.

1.186 A quality assurance unit and appropriate mechanisms will have been established in OTSD and improvements, reform activities and corrective/preventative action plans will have been measured and evaluated.

1.187 All OTSD staff members will have participated in a professional staff development programme and 27 staff members will have obtained international certificates in procurement practices.

1.188 All tender and contract document templates will have been revised to take into account current technical and legal issues.

1.189 A corporate relations strategy will have been established to maximize benefits to the Agency.

1.190 A comprehensive camp development plan encompassing all relevant Agency activities will have been drawn up.

1.191 Appropriate shelter policies and a re-housing strategy will have been developed articulating a comprehensive approach to camp development.

1.192 Three comprehensive questionnaires will have been developed to measure customer satisfaction with the various services provided by the department.

1.193 All requests for procurement will have been fulfilled according to the required specifications, on-time and within established procurement schedules.

1.194 All insurance services, including contracting for insurance, will have been centralized.

1.195 A system for procurement of goods, services and inventory which is fully integrated with the Agency's existing Enterprise Resources Planning (ERP) will have been implemented Agency-wide.

1.196 All ICT services will have been enhanced through implementation of a clearly defined strategy and implementation plan.

1.197 ICT infrastructure support will have been expanded to cover all programmes' and departments' needs.

STRUCTURE

1.198 The structure of the Operational Technical Services is as follows:

(a) Procurement and Logistics Services

(b) Information and Communications Technology Services

(c) Engineering and Construction Services

FINANCIAL RESOURCES

Table 18: Operational & Technical Services Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

	2002-2003 Expenditure	2004-2005 Appropriation	2006-2007 Estimate	Variance %
Procurement & Logistics	28,548	29,632	32,928	11.1
Engineering & Construction	5,882	7,705	9,683	25.7
Information & Communications	4,050	6,823	9,353	37.1
Camp Development	0	1,588	1,977	24.5
Management	297	630	872	38.4
Total Programme	**38,777**	**46,378**	54,813	18.2
Other Requirements			951	**100.0**
Total Regular Budget	**38,777**	**46,378**	**55,674**	**20.2**
Total Project Budget	**1,133**	**990**	**126,176**	**12,645**

Chapter VII
Common services

OVERVIEW

1.199 Common Services provide the appropriate supervision and support required by the Agency and its Programmes.

1.200 Common Services comprises: Commissioner-General's Office, Legal Services, Audit and Inspection, External Relations, Public Information, Policy Analysis, New York and Geneva Liaison Offices, Administration and Human Resources, and Financial Services.

GOAL

1.201 The goal of Common Services is to maintain the functioning of the Agency through sound legal support, cost-effective and efficient management, policy analysis, effective fund-raising and outreach to external interlocutors.

OBJECTIVES

1.202 To provide policy advice to the Commissioner-General and ensure smooth implementation of policy decisions and general cohesion of Agency operations.

1.203 To provide legal advice and support concerning matters of international law, particularly issues involving the privileges and immunities of the Agency and its staff.

1.204 To ensure Agency-wide accountability and transparency.

1.205 To maintain positive and productive relationships with donors and to enhance project management throughout the project cycle.

1.206 To increase awareness and support of the Agency among citizens, governments and non-governmental organizations of donor and host nations as well as the refugee population and Agency staff.

1.207 To provide programme and policy analysis that allows the Agency to respond to changing operational, political and social circumstances.

1.208 To liaise and strengthen cooperation with other UN agencies and participate in intergovernmental fora.

1.209 To maintain and improve human resources services to international and area staff members.

1.210 To effectively manage the Agency's financial resources.

STRUCTURE

1.211 The structure of the Agency's Common Services is as follows:

(a) Commissioner-General's Office

(b) Legal Services

(c) Audit and Inspection

(d) External Relations

(e) Public Information

(f) Policy Analysis

(g) Administration and Human Resources

(h) Financial Services

FINANCIAL RESOURCES

Table 19: Common Services Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

	2002-2003 Expenditure	2004-2005 Appropriation	2006-2007 Estimate	Variance %
General Management				
Commissioner-General's Office	4,179	5,320	6,055	13.8
Legal Services	2,223	2,689	2,948	9.6
Audit and Inspection	1,475	2,115	2,367	11.9
External Relations	2,191	2,599	3,573	37.5
Public Information	1,477	2,153	2,464	14.4
Policy Analysis	977	1,093	1,184	8.3
Administration & Human Resources	31,317	33,428	49,053	46.7
Financial Service	9,552	12,440	11,744	(5.6)
Programme Support Costs	(12,955)			
Regular Budget (excluding Reserves)	**40,436**	**61,837**	**79,388**	**28.4**
General Reserves				
Additional International Staff		0	3,347	-
Working Capital Requirements / Field Operational Reserve		10,000	340	(88.5)
Salary Increase Requirements		12,000	30,000	(150)
Contingency Reserve		2,000	2,000	-
Sub-Total		**24,000**	**35,687**	**48.6**
Total Regular Budget	**40,436**	**85,837**	**115,075**	**34.0**
Total Project Budget	**4,490**	**0**	**0**	**-**

Table 20: International Staffing Requirements, 2006-2007

Post Grade	UN Regular Budget	Other Sources
A) Professional & Above		
USG	1	0
ASG	1	0
D2	2	2
D1	12	2
P5	19	3
P4	44	14
P3	21	23
P2/P1	2	17
Sub-total (A)	**102**	**61**
B) General Services	11	1
Sub-total (B)	**11**	**1**
Total (A+B)	**113**	**62**

1.212 The 62 posts funded from other sources in Table 20 above include 23 posts funded by project funds, 16 JPOs funded by governments, two posts funded by UNESCO, two posts funded by WHO, one post funded by the MMP, one D-1, one P-5, seven P-4, eight P-3 and one P-2 (total 18 posts) included in respect of the Agency's total requirements for potential funding from the UN regular budget or through earmarked funding.

1.213 Through Resolution 3331 B (XXIX) of 17 December 1974, the General Assembly decided that the expenses relating to the emoluments of international staff in the service of UNRWA, which would otherwise have been charged to voluntary contributions, should be provided for under the UN's regular budget with effect from 1 January 1975 for the duration of the Agency's mandate.

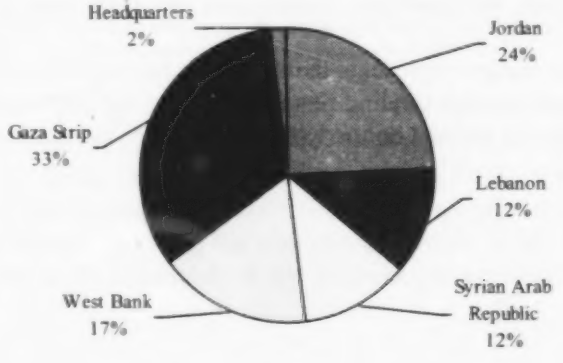
1.214 In compliance with the above General Assembly resolution, there will be no recruitment against the 18 additional posts referred to in paragraph 1.212 above unless adequate UN or donor funding is received specifically for them. These are included in the 2006-2007 budget in order to reflect the Agency's total staffing requirements for the biennium.

Table 21: Estimated Number of Area Staff at 31 December 2007 by Programme and Field

Programme	Gaza Strip	Lebanon	Syrian Arab Republic	Jordan	West Bank	Head-quarters	Total
Education	7,638	2,418	2,643	5,762	3,176	84	21,721
Health	1,561	601	546	1,117	818	14	4,657
Relief & Social Services	259	160	128	248	178	19	992
Microfinance & Microenterprise	112	0	13	18	104	0	247
Operational & Technical Services	394	171	153	151	230	136	1,235
Common Services	261	182	133	142	523	217	1,458
Total	**10,225**	**3,532**	**3,616**	**7,438**	**5,029**	**470**	**30,310**

Figure 9: Estimated Number of Area Staff at 31 December 2007, by Field

Gaza Strip	10,225
Lebanon	3,532
Syrian Arab Republic	3,616
Jordan	7,438
West Bank	5,029
Headquarters	470
Total	**30,310**



PROJECT BUDGET

1.215 Project funding has accounted for a considerable share of the Agency's income and expenditure in recent years. Projects form an integral part of programme activities and are the means by which a majority of the Agency's capital costs (for example, school construction and upgrading of health centres), as well as the costs related to environmental health improvements and shelter rehabilitation are funded.

1.216 The Project Budget has been prepared according to the Agency's generic priorities for project funding listed below. These generic priorities have equal standing; they have been numbered for referential purpose only.

a) Expansion, upgrading and major rehabilitation of primary education and health infrastructure;

b) Maximizing the economic potential and employment opportunities;

c) Development of camp infrastructure;

d) Enhancing capacity building including system management;

e) Achieving parity with the Host Authority standards;

f) Relieving hardship and providing essential support to vulnerable groups; and

g) Others, for example construction or upgrading of warehouses.

1.217 The project budget represents the Agency's best estimate at the time of budget preparation of its immediate project funding requirements for the 2006-2007 biennium. During the biennium, the Agency will present donors with proposals of projects contained in the project budget.

Table 22: Project Budget by Programme
(In thousands of United States dollars)

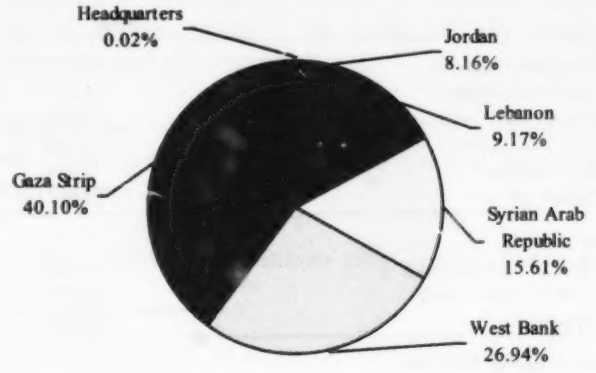
	2006	2007	Total 2006-2007
Education			
General Education	31,411	23,690	55,101
Vocational & Technical Education	1,873	2,418	4,291
Edu. Dev. Centre	3,126	3,009	6,135
Scholarships	654	934	1,588
Sub-total	**37,064**	**30,051**	**67,115**
Health			
Medical Care Services	8,564	3,692	12,256
Environmental Health	22,379	17,040	39,419
Sub-total	**30,943**	**20,732**	**51,675**
Relief & Social Services			
Relief Services	2,600	2,600	5,200
Social Services*	3,377	1,097	4,474
Sub-total	**5,977**	**3,697**	**9,674**
Microfinance & Microenterprise Prog.*	**15,375**	**16,306**	**31,681**
Operational & Technical Services		-	
Camp Development	60,354	65,069	125,423
Others	753		753
Sub-total	**61,107**	**65,069**	**126,176**
Total Project Budget	**150,466**	**135,855**	**286,321**

* *Includes $4.3 million in 2006 and $4.8 million in 2007 under project budget funded from Microfinance & Microenterprise Programme (MMP) and Micro-Credit & Savings Programme (MCSP) income.*

1.218 Table 22 shows a breakdown of the project budget by programme and Figure 9 shows how this budget is split among the fields. The project budget amounts to $150,466 million for the year 2006 and $135,855 million for the year 2007. These amounts represent 22.3 per cent of total budget volume for the biennium. With the exception of MMP, a self-funded project for which recurrent costs amount to $9.1 million for the biennium, the project budget represents unfunded activities.

Figure 10: Project Budget by Field
(In thousands of United States dollars)

Gaza Strip	114,824
Lebanon	26,251
Syrian Arab Republic	44,694
Jordan	23,361
West Bank	77,122
Headquarters	69
Total	**286,321**



PROGRAMME BUDGET FOR THE BIENNIUM 2006-2007

1.219 For further details relating to UNRWA's activities and programmes reference should be made to UNRWA's Programme Budget Document for the Biennium 2006-2007.